Supreme Court, U. S.
FILED
JAN 9 1980
MICHAEL RODAK, JR., CLERK

APPENDIX (VOL. II)

In the Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-509

EXXON CORPORATION,

Appellant,

vs.

WISCONSIN DEPARTMENT OF REVENUE,

Appellee.

On Appeal From the Supreme Court of Wisconsin

UNITED STATES LAW PRINTING CO., CHICAGO, ILLINOIS 60618 (312) 525-6581

Jurisdictional Statement Filed September 26, 1979

Probable Jurisdiction Noted November 26, 1979

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In the Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-509

EXXON CORPORATION,

Appellant,

vs.

WISCONSIN DEPARTMENT OF REVENUE,

Appellee.

On Appeal From the Supreme Court of Wisconsin

APPENDIX (VOL. II)

A. 601

EXHIBIT 1

State of Wisconsin \ DEPARTMENT OF REVENUE

INCOME, SALES AND EXCISE TAX DIVISION
CORPORATION TAXATION SECTION
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

June 25, 1971

Re: 99-40723

Humble Oil and Refining Company
800 Bell Avenue
Houston, Texas 77002

RECEIVED
JUN 28 1971
HEADQUARTERS
TAX DEPARTMENT

Gentlemen:

NOTICE OF ASSESSMENT OF ADDITIONAL INCOME AND FRANCHISE TAXES

We are enclosing a copy of the report of our auditor, Mr. T. J. Sheridan, who was assigned by this office to make an audit and investigation of your books and records for the calendar years 1965 to 1968, inclusive.

The assessments for the years 1965 and 1966 are made pursuant to an agreement dated November 20, 1970 wherein the period of time for making such assessments was extended to June 30, 1971.

Exhibit A-B of the report indicates that you are subject to tax on or measured by additional income of $4,532,155.00. The additional taxes thereon, exclusive of interest which is to be computed thereon and added thereto in accordance with Section 71.09 (5)(a) of the Statutes, are as follows:

Total Additional Taxes	$316,470.85

You are hereby notified of the above assessment of additional taxes pursuant to Chapter 71 of the Statutes.

If you feel aggrieved by this assessment notice you may make application to the Wisconsin Department of Revenue for abatement of the taxes, stating definitely and in detail each particular item in the audit report to which you object, together with the reasons for your objections. Such application must be filed in duplicate with the Department of Revenue within thirty days from the receipt of this notice. Wisconsin Statutes do not provide for an extension of this thirty day period.

If no application for abatement is made within the time specified above, this assessment will become final and conclusive and the additional taxes together with interest thereon will be certified for collection.

By C. J. Hoel
C. J. Hoel, Section Chief

RJM:kff
Enclosure
CERTIFIED MAIL
Return Receipt Requested

HUMBLE OIL AND REFINING COMPANY
800 BELL AVENUE
HOUSTON, TEXAS 77002

FRANCHISE TAX AUDIT REPORT

BY

WISCONSIN DEPARTMENT OF REVENUE

FOR THE CALENDAR YEARS

1965 TO 1968, INCLUSIVE

T. J. SHERIDAN
AUDITOR
MAY 1, 1971
KFF

HUMBLE OIL AND REFINING COMPANY

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HUMBLE OIL AND REFINING COMPANY

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Eau Claire, Wisconsin
May 1, 1971

Wisconsin Department of Revenue
Corporation Taxation Section
P. O. Box 98
Madison, Wisconsin 53701

Gentlemen:

In accordance with your instructions, an examination has been made of the books and records of Humble Oil and Refining Company, Houston, Texas, for the calendar years 1965 to 1968, inclusive and the report is submitted herewith.

Humble Oil and Refining Company was organized under the laws of Delaware in 1959 and is an integrated oil company, engaged in exploration, production, refining and marketing of petroleum and gas products. Humble Oil and Refining Company is a wholly-owned subsidiary of Standard Oil Company of New Jersey and is the domestic integrated oil and gas operation of the parent company.

The additional tax results from a change of method of reporting income to Wisconsin. Since Humble Oil and Refining Company is a unitary company and its Wisconsin business is an integral part thereof, formula apportionment of the company's income is mandatory and separate accounting is not permissable.

A review of the company's withholding and sales and use tax records and procedures for the calendar years 1965 to 1968, indicates that no adjustments are necessary at this time.

The adjustments included in this report have been discussed with Messrs. Behringer and Koonce of the company's tax department.

This opportunity is taken to express my appreciation for the courtesies and cooperation received during the course of the examination.

Respectfully submitted,

T. J. Sheridan
Auditor

Humble Oil & Refining Company

Computation of Additional Taxes

Exhibit A-2 1

Income Year	Reference	1965	1966	1967	1968	Total
Adjusted Net Income	Exhibit C	759,371.00	1,043,395.00	1,264,946.00	1,464,443.00	
Net Income Previously Computed		0	0	0	0	
Additional Net Income		759,371.00	1,043,395.00	1,264,946.00	1,464,443.00	4,532,155.00
Adjusted Franchise Tax		52,960.97	72,842.65	88,351.22	102,316.01	
Amount Previously Paid		0	0	0	0	
Additional Franchise Tax		52,960.97	72,842.65	88,351.22	102,116.01	316,470.85
Interest						
Total						

The above schedule of additional tax is exclusive of interest which is to be computed thereon and added thereto on overassessments and on underassessments as provided in Section 71.09(5)(a) and (b) of the Statutes. The Wisconsin Department of Revenue has no discretion in the matter of adding interest.

A. 606

Humble Oil & Refining Company

Reconciliation of Federal Taxable Income with Adjusted Net Income

Exhibit C 2

	Calendar Year	Reference	1965	1966	1967	1968
	Federal Taxable Income Before Special Deductions	Exhibit C-1	212,218,232.	286,576,163.	368,959,232.	409,574,769.
1	Reverse: Contributions Deducted		5,302,824.	5,578,075.	2,867,844.	12,266,167.
2	Municipal Interest Deducted		131,721.	418,920.	600,047.	50,972.
3	Percentage Depletion Deducted		210,200,000.	233,200,000.	265,400,000.	285,000,000.
4	Depreciation Deducted		225,844,863.	220,968,298.	212,855,980.	237,067,585.
5	Allowable Depreciation		(236,093,683.)	(229,565,919.)	(241,359,720.)	(259,581,653.)
6	Allowable Cost Depletion		(9,129,210.)	(15,994,699.)	(13,863,282.)	(16,793,795.)
7	Bad Debts	Schedule 1	3,667,080.	405,729.	4,764,430.	4,641,869.
8	Carved-Out Production - Proceeds		(49,877,000.)	(41,124,000.)	(38,710,000.)	(23,046,000.)
9	- Repayment		51,634,169.	56,402,121.	43,843,757.	40,015,573.
	Subtotal		413,898,996.	516,864,726.	605,358,288.	689,195,487.
10	Federal Income Taxes Deductible		(6,817,243.)	(42,638,820.)	(60,535,829.)	(68,919,549.)
11	Contributions Deductible		(3,487,101.)	(5,578,075.)	(2,867,844.)	(12,266,167.)
	Adjusted Net Income Before Apportionment		403,594,652.	468,647,833.	541,954,615.	608,009,771.
	Total Company Non-Apportionable Income	Exhibit E-4	192,350,946.	221,341,235.	280,027,892.	295,666,628.
	Apportionable Income		211,243,706.	247,306,598.	261,926,723.	312,343,143.
	Percent to Wisconsin	Exhibit E	.4071	.4483	.4932	.4550
	Amount to Wisconsin		859,973.	1,108,675.	1,291,823.	1,421,161.
	Wisconsin Non-Apportionable Income	Exhibit E-4	(100,602.)	(65,280.)	(26,877.)	43,282.
	Adjusted Net Income		759,371.	1,043,395.	1,264,946.	1,464,443.

A. 607

HUMBLE OIL AND REFINING COMPANY
800 BELL AVENUE
HOUSTON, TEXAS 77002

3

EXPLANATION OF ADJUSTMENTS ON EXHIBIT C

1. The deduction for contributions is reversed in order to arrive at net income before such deduction. An adjusted amount is allowed in item 11.

2. Municipal bond interest is includable in the determination of adjusted net income for franchise tax purposes.

3 & 6. Percentage depletion is reversed with cost depletion allowed since percentage depletion is not an allowable deduction for Wisconsin tax purposes.

4 & 5. Federal depreciation expense is reversed with Wisconsin depreciation expense being allowed.

7. The reserve basis for bad debt deduction is disallowed with actual bad debts being allowed as a deduction. See schedule 1.

8 & 9. The federal treatment of carved out production is reversed so that the book method is allowed. This corresponds to the crude oil barrel data used in the E section of this report.

10 & 11. Federal income taxes and contributions, subject to statutory limitations, are allowed as deductions. A federal contribution carry-forward is not allowed in 1965 since it was allowed in 1964 for Wisconsin tax purposes.

Exhibit C-1

Humble Oil & Refining Company

Reconciliation of Surplus per Books with Book Income
and With Federal Taxable Income Before Special Deductions

Calendar Year	1965	1966	1967	1968
Capital Surplus - End of Year	448,457,004.00	229,164,883.00	229,164,883.00	229,164,883.00
Retained Earnings-Appropriated-End of Year	75,459.00	75,459.00	75,459.00	75,459.00
Unappropriated-End of Year	2,247,814,818.00	2,457,996,611.00	2,687,831,092.00	2,665,814,127.00
Total Surplus - End of Year	2,696,347,281.00	2,687,197,214.00	2,917,071,434.00	2,895,054,469.00
- Beginning of Year	2,508,911,332.00	2,696,347,281.00	2,687,197,214.00	2,917,071,434.00
Increase or (Decrease)	187,435,949.00	(9,150,067.00)	229,874,220.00	(22,016,965.00)
Surplus Adjustments:				
Dividends Paid	275,000,000.00	325,000,000.00	370,000,000.00	390,000,000.00
Spin-off of Chemical Division (Jan through May net income)		10,286,762.00		
Oklahoma Oil Company Surplus Reinstatement		(1,436.00)		
Transfer Enjay Chemical Company stock to parent		219,292,121.00		238,695,000.00
Interperiod Tax Allocation				
Book Income	462,435,949.00	545,427,380.00	599,874,220.00	606,668,035.00
Taxpayer Adjustments:				
Federal Income Tax	34,792,919.00	60,582,992.00	95,891,632.00	145,829,527.00
Taxable Income Not Recorded on Books this Year	61,141,304.00	49,494,005.00	62,930,329.00	51,121,034.00
Expenses Recorded on Books This Year Not Deducted on Returns	283,914,823.00	893,465,435.00	898,676,782.00	366,221,121.00
Income Recorded on Books This Year Not Included in Returns	(60,264,898.00)	(64,377,063.00)	(58,335,716.00)	(63,453,930.00)
Deduction in Returns Not Charged Against Book Income This Year	(969,801,915.00)	(998,016,586.00)	(624,078,013.00)	(696,811,018.00)
Federal Taxable Income Before Special Deductions	212,218,232.00	286,576,163.00	368,959,232.00	409,574,769.00

Humble Oil & Refining Company

Apportionment Summary

Exhibit E 5

Calendar Year	Percent to Wisconsin	1965 Weight	1965 Weighted Percent	Percent to Wisconsin	1966 Weight	1966 Weighted Percent	Percent to Wisconsin	1967 Weight	1967 Weighted Percent	Percent to Wisconsin	1968 Weight	1968 Weighted Percent
Tangible Property E-1	.6213	1.	.6213	.6614	1.	.6614	.7879	1.	.7879	.6600	1.	.660
Cost of Manufacture E-2	0	.614609	0	0	.584715	0	0	.560530	0	0	.551643	0
Sales E-3	.4431	1.	.4431	.4974	1.	.4974	.5350	1.	.5350	.5009	1.	.5009
Totals		2.614609	1.0644		2.584715	1.1588		2.560530	1.3229		2.551643	1.161
Average Percent to Wisconsin			.4071			.4483			.4932			.4550

A. 610

Humble Oil & Refining Company

Tangible Property

Exhibit E-1 6

Calendar Year	1965 Wisconsin	1965 Total	1966 Wisconsin	1966 Total	1967 Wisconsin	1967 Total	1968 Wisconsin	1968 Total
Property, Plant & Equip.	15,997,653.00	5,479,845,320.00	18,017,771.00	5,468,933,943.00	19,315,704.00	5,869,576,562.04	18,039,815.00	6,384,181,[illegible].00
Reserve for Depreciation	(4,387,705.00)	(2,517,148,126.00)	(3,978,022.00)	(2,474,556,448.00)	(4,082,910.00)	(2,632,968,493.04)	(4,738,797.00)	(2,776,976,854.00)
Inventory	338,939.00	883,585,032.00	338,639.00	849,853,451.00	485,439.00	883,810,662.00	301,990.00	892,296,334.00
Total-Per Books	12,087,653.00	3,845,702,866.00	14,378,381.00	3,843,630,958.00	15,718,833.00	3,980,880,731.00	13,602,208.00	3,897,803,087.00
Adjustments:								
Incomplete Construction	(415,118.00)	(140,571,141.00)	(981,830.00)	(345,578,048.00)	(839,800.00)	(818,151,698.00)	(48,739.00)	(249,477,552.00)
Intangible Development Costs		(603,718,876.00)		(608,098,778.00)		(526,709,539.00)		(583,822,[illegible].00)
Non-Apportionable Income Property-Exhibit E-1.1(A)		(594,905,320.00)		(594,865,519.00)		(699,698,409.00)		(748,880,554.00)
Total, End of Year	11,672,535.00	1,906,507,139.00	13,397,551.00	1,893,136,612.00	13,439,033.00	2,086,705,485.00	13,639,547.00	2,321,842,112.00
Beginning of Year	10,855,359.00	1,716,818,382.00	11,672,535.00	1,906,507,139.00	13,397,551.00	1,893,136,612.00	13,439,033.00	2,086,705,485.00
Total	22,467,895.00	3,623,325,521.00	25,069,667.00	3,799,643,751.00	26,836,584.00	3,979,842,097.00	27,078,580.00	4,408,547,597.00
Average	11,233,948.00	1,811,662,761.00	12,534,834.00	1,899,821,876.00	14,458,082.00	1,989,921,049.00	14,539,290.00	2,204,273,799.00
Average Non-Apportionable Marine Property		(3,550,000.00)		(4,700,000.00)		(3,550,000.00)		(1,200,000.00)
Total Tangible Property	11,233,948.00	1,808,112,761.00	12,534,834.00	1,895,121,876.00	14,458,082.00	1,986,371,049.00	14,539,290.00	2,203,073,799.00
Percent to Wisconsin	.6213		.6614		.7879		.6600	

A. 611

Humble Oil & Refining Company — Exhibit E-1.1 — 6

Non-Apportionable Tangible Property

	Calendar Year		1965	1966	1967	1968
	Net Book Tangible Property - Exploration & Production Dept.		1,706,763,830.	1,744,636,397.	1,807,551,391.	2,027,759,776.
	Adjustments:					
	Incomplete Construction		(69,091,760.)	(71,199,406.)	(84,679,670.)	(95,579,598.)
	Intangible Development Costs		(603,718,676.)	(608,058,778.)	(598,705,539.)	(583,802,869.)
1.	Investment in Mineral Interests		(12,508,013.)	(12,007,489.)	(13,869,313.)	(12,392,691.)
	Net Value of Gas Plants		(129,768,000.)	(141,876,000.)	(165,564,000.)	(199,029,500.)
	Adjusted Tangible Property		891,677,381.	911,494,724.	944,732,869.	1,136,955,124.
	Non-Apportionable Percentage	E-1.2(E)	65.3148	64.1645	64.4403	64.2319
	Non-Apportionable Tangible Property		582,397,897.	584,856,030.	608,788,696.	730,287,863.
1.	Investment in Mineral Interests		12,508,013	12,007,489.	13,869,313.	12,392,691.
A.	Total Non-Apportionable Tangible Property		594,905,310.	596,863,519.	622,658,009.	742,680,554.

HUMBLE OIL AND REFINING COMPANY — 7

EXPLANATION OF ADJUSTMENTS ON EXHIBIT E-1

Net tangible property per books is used to compute this factor. To this amount, construction in progress or incomplete construction is removed. Intangible development cost is removed since it has already been deducted for tax purposes. Net property used in producing non-apportionable income is also removed.

Humble Oil & Refining Company

Exhibit E-1.2 9

Non-Apportionable Percentage

Calendar Year		1965	1966	1967	1968
Natural Gas Net Income	E-4.2(E)	57,632,537.	80,043,000.	95,838,701.	110,674,128.
Adjusted Exploration & Production Department Net Income	E-4.1(B)	270,378,649.	355,731,829.	439,814,865.	484,329,850.
A. Percent of Gas Net Income to Department Net Income		21.3155	22.5009	21.7907	22.8510
B. Reciprocal of above (A.) which represents the remaining net income of the department, part of which is non-apportionable.		78.6845	77.4991	78.2093	77.1490
C. Non-Apportionable Percentage *		55.9186	53.7601	54.5326	53.6376
D. Non-Apportionable Portion of Line B (B x C)		43.9993	41.6636	42.6496	41.3809
E. Non-Apportionable Percentage of the Exploration & Production Department (A + D)		65.3148	64.1645	64.4403	64.2319

* These figures come from Crude Oil Barrelage Data prepared by the company. The computation includes barrels of crude oil produced, purchased, sold, and refined. From all of this barrel data, a percentage figure is determined which represents barrels produced or purchased and refined which becomes subject to apportionment and a percentage figure for barrels produced or purchased and sold without refining and therefore become non-apportionable. The percents used here are as compiled by the company and represent the non-apportionable portion.

A. 614

Humble Oil & Refining Company

Cost of Manufacturing Weight

Exhibit E-2 10

Calendar Year		1965	1966	1967	1968
A. Net Sales Producing Apportionable Income	E-3(C)	2,909,203,584.	2,886,471,545.	3,056,136,204	3,271,188,357.
Resale of Purchased Products: Refined Products		664,012,777.	771,008,810.	849,385,388.	962,451,462.
Automotive T.B.A.		76,212,086.	80,200,078.	89,273,707.	98,758,015.
Crude Oil	E-3.1(B)	388,662,454.	347,499,759.	404,422,321.	405,451,903.
B. Net Sales of Taxpayer's Manufactured Products		1,800,316,267.	2,687,763,498.	1,713,054,788.	1,804,526,977.
C. Cost of Manufacturing Weight (B ÷ A)		61.4609	58.4715	56.0530	55.1642

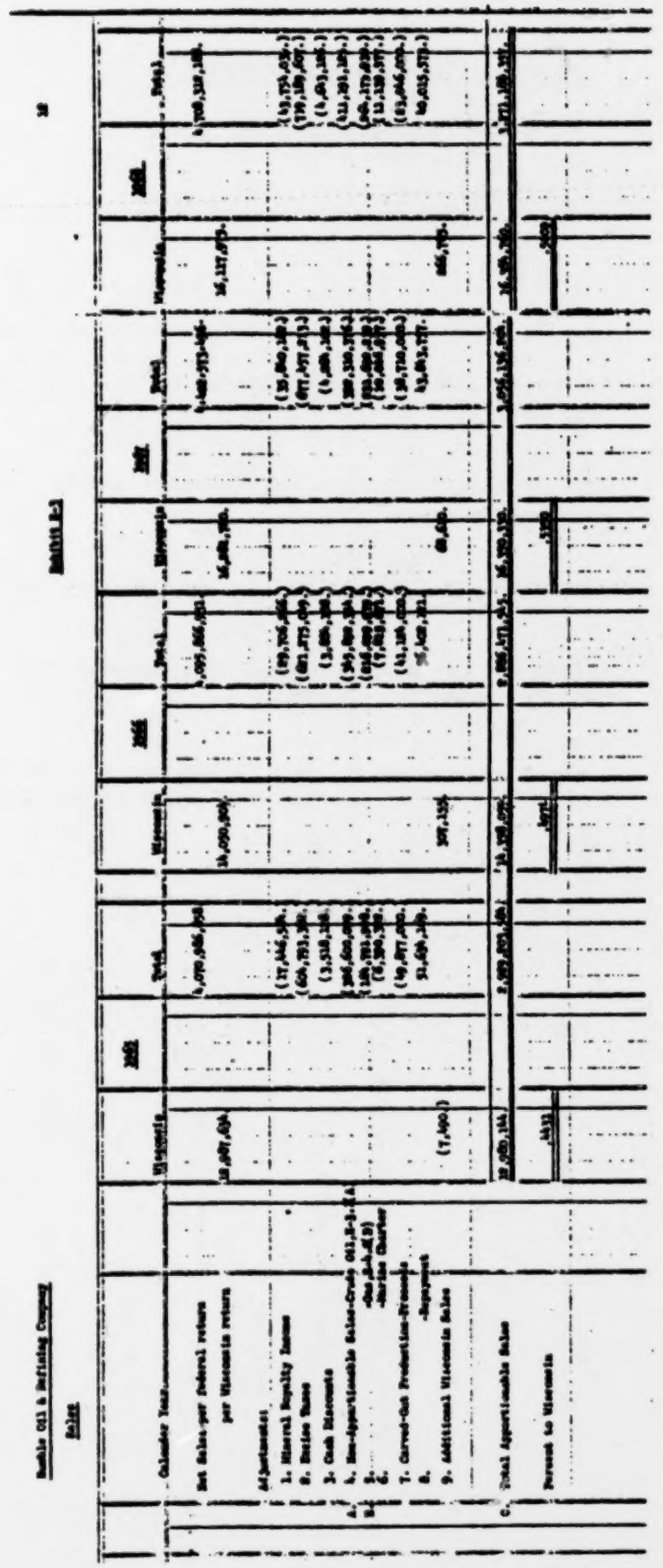
A. 615

HUMBLE OIL AND REFINING COMPANY

11

EXPLANATION OF ADJUSTMENTS ON EXHIBIT E-2

Since the company sells both its own manufactured products and also sells finished products from other manufacturers, the cost of manufacturing factor has been weighted based on the ratio of the sales of the company's own products to total apportionable sales.



HUMBLE OIL AND REFINING COMPANY

EXPLANATION OF ADJUSTMENTS ON EXHIBIT E-3

To net sales per federal return, the following adjustments are made:

1, 4, 5 & 6. Sales generated from non-apportionable income sources are eliminated.

2. Product taxes collected and remitted to the respective governments are eliminated.

3. Cash discounts are eliminated to arrive at net sales.

7 & 8. Carved out production income is converted back to the book basis of reporting income.

9. A minor adjustment is made to Wisconsin sales reported per returns to agree with the book sales reconciliation.

Exhibit E-3.1

Humble Oil & Refining Company

Sales of Crude Oil - Produced and Purchased

Calendar Year	1965	1966	1967	1968
Crude Oil & Condensate Sales of the Explo. & Production Dept. Before Consolidation, per Books	584,063,440.	643,399,758.	719,405,230.	766,609,853.
Non-Apportionable Percent	55.9186	53.7601	54.5326	53.6376
A. Sales Generating Non-Apportionable Income (Produced)	326,600,099.	345,892,354.	392,310,376.	411,191,125
Crude Oil & Condensate Sales of the Refining Dept. to Outsiders, per books	715,262,553.	693,392,113.	796,732,697.	816,643,088.
Sales Generating Non-Apportionable Income (Above)	326,600,099.	345,892,354.	392,310,376.	411,191,125.
B. Sales of Purchased Crude Oil & Condensate	388,662,454.	347,499,759.	404,422,321.	405,451,903.

Humble Oil & Refining Company

Non-Apportionable Income - Total Company

Exhibit E-4 15

Calendar Year		1965	1966	1967	1968
Income Which Follow Situs of Property:					
Gain on Disposal of Tangible Property		6,085,146.	(3,874,045.)	2,446,373.	7,307,344.
Casualty Losses		(185,384.)	(381,629.)	(298,038.)	(415,452.)
Tangible Property Retirement Losses		(3,842,405.)	(3,143,950.)	(3,186,558.)	(6,032,562.)
Material Disposal Losses		(129,181.)	(488,273.)	(743,541.)	(200,762.)
Gain on Sale of Stock Material		33,087.	2,594.	25,255.	
Land Sales		415,472.			
Departmental Non-Apportionable Income-					
Mineral Royalty	E-4.1(A)	15,753,908.	27,586,433.	33,502,756.	41,273,481.
Natural Gas	E-4.2(E)	57,632,537.	80,043,000.	95,838,701.	110,674,128.
Crude Oil	E-4.2(G)	101,859,386.	128,117,835.	162,305,866.	172,264,819.
Marine		500,000.	1,400,000.	3,100,000.	3,000,000.
Subtotal		178,122,566.	229,261,965.	292,990,814.	327,870,996.
Income Which Follow Residence:					
Dividend Income		15,930,203.	19,283,820.	18,100,446.	11,793,488.
Interest Income		7,420,576.	7,743,796.	6,038,200.	4,059,210.
Interest Expense		(5,683,425.)	(13,871,111.)	(5,150,609.)	(13,025,928.)
Net Dividends & Interest Income		17,717,354.	13,156,505.	18,988,037.	2,826,770.
Royalties-Net		191,892.	235,439.	163,444.	76,989
Subtotal		17,909,246.	13,391,944.	19,151,481.	2,903,759.
A. Total Non-Apportionable Income		196,031,812.	242,653,909.	312,142,295.	330,774,755.
Administrative Allocation	E-4.3(D)	(459,596.)	(1,411,371.)	(1,000,193.)	(2,256,279.)
Net Non-Apportionable Income		195,572,216.	241,242,538.	311,142,102.	328,518,476.
Federal Income Taxes (Ratio from E-4.4)		(3,221,270.)	(19,901,303.)	(31,114,210.)	(32,851,848.)
Non-Apportionable Income		192,350,946.	221,341,235.	280,027,892.	295,666,628.

A. 620

A. 621

HUMBLE OIL AND REFINING COMPANY

16

EXPLANATION OF ADJUSTMENTS ON EXHIBIT E-4

Non-apportionable income is computed as follows:

1. All gains or losses on sales or disposals of tangible property is included.
2. The income from non-apportionable sources is included.
3. Interest, dividend and royalty income, net of related expenses is included.
4. Administrative expense and federal income taxes has been allocated to non-apportionable income.

Humble Oil & Refining Company

Exploration and Production Department
Adjusted Net Income

Exhibit E-4.1 17

	Calendar Year		1965	1966	1967	1968
	Exploration & Production Department:					
	Federal Taxable Income per Department		84,961,341.	144,291,651.	214,288,951.	236,775,467.
	Adjustments:					
	Depletion		201,293,597.	217,437,784.	251,808,214.	268,869,241.
	Depletion		(222,807.)	(232,443.)	(271,496.)	(663,036.)
	Depreciation		1,686,108.	4,577.	992,889.	1,555,221.
	Carved-Out Production		1,757,169.	15,278,121.	5,133,757.	16,969,573.
	Gain or Loss on Tangibles		(3,401,266.)	6,262,483.	1,188,168.	467,608.
	Casualty Losses		98,638.	301,612.	271,554.	376,860.
A.	Mineral Royalty Net Income		(15,753,908.)	(27,586,433.)	(33,502,756.)	(41,273,481.)
	Interest Income		(179,056.)	(153,048.)	(126,001.)	(63,297.)
	Dividend Income		(56.)	(19.)	(56.)	(75.)
	Interest Expense		98,517.	69,021.	24,215.	21,417.
	Contributions		40,372.	58,523.	66,826.	1,294,352.
B.	Adjusted Departmental Net Income		270,378,649.	355,731,889.	439,814,265.	484,389,850.

A. 622

Humble Oil & Refining Company

Departmental Non-Apportionable Net Income -
Natural Gas and Crude Oil

Exhibit E-4.2 18

	Calendar Year		1965	1966	1967	1968
	Exploration and Production Department:					
	Net Sales per federal return		882,627,799.	974,831,438.	1,093,783,538.	1,182,864,191.
	Adjustments:					
	Mineral Royalties - Gross		(17,446,584.)	(89,706,266.)	(35,840,182.)	(43,754,039.)
	Carved-Out Production		1,757,169.	15,278,121.	5,133,757.	16,969,573.
A.	Adjusted Departmental Net Sales		866,938,344.	960,403,293.	1,063,077,107.	1,156,079,725.
B.	Adjusted Departmental Net Income	E-4.1(B)	270,378,649.	355,731,889.	439,814,265.	484,389,850.
C.	Ratio of Net Income to Net Sales (B ÷ A)		31.1878	37.0398	41.3718	41.8941
D.	Non-Apportionable Sales of Natural Gas	E-3 (B)	184,791,928.	216,099,979.	231,652,239.	264,175,930.
	Ratio (C)		31.1878	37.0398	41.3718	41.8941
E.	Non-Apportionable Net Income from Natural Gas		57,632,537.	80,043,000.	95,838,701.	110,674,128.
F.	Non-Apportionable Sales of Crude Oil	E-3.1 (A)	326,600,099.	345,892,354.	392,310,376.	411,191,185.
	Ratio (C)		31.1878	37.0398	41.3718	41.8941
G.	Non-Apportionable Net Income from Crude Oil		101,859,386.	128,117,835.	162,305,866.	172,264,819.

A. 623

Exhibit E-4.3 19

Humble Oil & Refining Company

Administrative Allocation to
Non-Apportionable Income

Calendar Year		1965	1966	1967	1968
A. Gross Non-Apportionable Income	E-4 (A)	196,031,812.	242,653,909.	312,142,295.	330,774,755.
B. Adjusted Net Income Before Federal Income Taxes & Contributions	Exhibit C(A)	413,898,996.	516,864,728.	605,358,288.	689,195,487.
C. Ratio of B ÷ A		47.3623	46.9473	51.5632	47.9943
Administrative Department Operating, Selling & Administrative Expenses		970,383.	3,006,287.	1,939,741.	4,701,140.
Ratio (C)		47.3623	46.9473	51.5632	47.9943
D. Non-Apportionable Income Allocation		459,596.	1,411,371.	1,000,193.	2,256,279.

A. 624

Exhibit E-4.4 20

Humble Oil & Refining Company

Non-Apportionable Income - Wisconsin

Calendar Year	1965	1966	1967	1968
Income Which Follows Situs:				
Gain or Disposal of Tangible Property	(90,327.)	(61,620.)	(7,152.)	69,640.
Casualty Losses	(11,960.)	(9,530.)	(22,711.)	(21,549.)
Total Non-Apportionable Income	(102,287.)	(71,150.)	(29,863.)	48,091.
Federal Income Taxes *	1,685.	5,870.	2,986.	(4,809.)
Non-Apportionable Income	(100,602.)	(65,280.)	(26,877.)	43,282.

* Ratio of Federal Income Tax Deduction on Exhibit C to Adjusted Net Income Before Such Deduction
1965 - 1.6471 %
1966 - 8.2495 %
1967 -10. %
1968 -10. %

A. 625

Schedule 1

Humble Oil & Refining Company

Bad Debts

Calendar Year	1965	1966	1967	1968
Balances - End of Year	7,691,170.	9,950,850.	13,808,938.	15,333,782.
	383,810.	1,962,098.	8,134,861.	4,316,907.
	4,167,118.			
Total - End of Year	12,241,498.	11,912,948.	15,943,099.	19,650,689.
Beginning of Year	9,308,697.	12,241,498.	15,943,099.	15,943,099.
Increase or (Decrease)	2,932,801.	(328,550.)	3,907,590.	3,907,590.
Exhibit C-1 Adjustment:	(734,279.)	(734,279.)	(734,279.)	(734,279.)
Exhibit C Adjustment	3,667,080.	407,729.	4,763,439.	4,641,869.

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EXHIBIT 8

if they were really convinced they were right, I wouldn't expect that they would agree so easily.

Q That is your conclusion?

A Yes.

Q He didn't say that?

A No.

Q Do you recall a letter from someone at Humble with the settlement indicating that they did not agree to the apportioning of their income, but were paying the tax anyway?

A Very much.

Q Do you recall such a letter?

A ~~Do I recall -- yes, probably also some telephone calls.~~

Q When you began the audit did you verify the sales reported on a separate accounting basis?

A How do you mean verify?

Q Well, did you audit the reported sales?

A Back to their source documents, no; back to their printouts, yes, as I recall.

Q Did you have any reason to challenge the amount of Wisconsin sales reported?

A No, not that I recall; no reason to.

Q That on a separate accounting basis the sales reported were accurately reflected?

A ~~I think there were -- there were minor adjustments, as~~

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so I have to see what was done on the original report.

Wisconsin sales we accepted as they were.

Q Did you audit the reported cost of sales in Wisconsin?

A I don't know what you mean by "did we audit it."

Q Well, the tax returns showed gross sales.

A Did we go back and check the purchase invoices and see if they really made the purchases and made the expenses, no.

Q You did not?

A We didn't go back to source documents. We relied on information provided us by Humble.

Q Did you satisfy yourself that the cost of sales reported accurately reflected Humble's cost of sales in Wisconsin on a separate accounting basis?

A I would like to check the work papers. What we did was to trace the numbers that Humble used in the return back to their source — their print-outs — so we verified that the numbers on the return came from some substantial source. That's all we did; in other words, they were supported by something, whether they were in fact — whether the cost of the sales reported on the return was accurate, whether the numbers that they put into their print-outs actually represented the Wisconsin cost of sales, no, we didn't substantiate that.

Q For what reason didn't you substantiate it?

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A Because you have got to place some reliance on company documents. I assume the company is audited by a CPA. They have their own auditing staff. There are times when you can't audit everything, so there are things that, for practical purposes, you are forced to accept.

This is something we are probably -- you have got to make a decision in the course of an audit what can you accept as being reasonable and what can you not.

Q In other words, you have no basis for any position that the cost of sales reported by Humble for the years 1960 through 1964 on its Wisconsin return were anything other than accurate?

A As put together for that return purposes, for that —

Q On a separate accounting basis.

A We disputed the basic method of determining income. We dispute the facts that when you put that return together the way it was that it produced a result that was accurate.

Q So you didn't bother to really check to see whether that separate accounting basis was accurate or not?

A Yes, I did.

Q And you came up with no facts —

A In my opinion it was — it was — the costs shown there could be traced back to a document.

Q So you found no basis on which to challenge the cost of sales figure used on the return for the purposes of a separate accounting reporting procedure?

A That's right.

Q All right.

A But I disputed the fact that that produced the result that was equitable.

Q When did you come to that conclusion?

A After we determined that the company was unitary.

Q And when did you come to that conclusion?

A After I returned from Humble and discussed all the facts with my supervisor and my section chief and legal counsel.

Q Let's pin that down to a point in time. Was that in 1966?

A It had to be prior to the date of the report of September 9, the fall of '66.

Q What verification did you make or attempt to make as to the accuracy of the expenses reported on the Humble returns for 1960 through 1964?

A All expenses, particular expenses, or any one expense?

Q Just generally what verification procedures did you use?

A I did not go to any source documents to check the travel expense of Joe Bloke or the sales manager in Wisconsin

or what-have-you.

Q So you had no basis on which to, in effect, challenge the accuracy of any of the expenses reported?

A I was willing to accept in that respect what was reported, and while you have -- well, you have got to go back a bit. Once you are at a point that a company is unitary, it is no longer very important to establish that John Smith spent a hundred dollars more than he should have, because if you disallow a hundred dollars and multiply that times the per cent of this company's income to Wisconsin, you are going to tax about a nickel, so it isn't practical.

You don't do that as a practical audit step in the audit of big corporations where your apportionment percentage is that small.

Q My point is that based upon your examination, your audit work papers that you prepared, your audit report, you do not have facts to challenge any of the separate accounting figures reported on the Humble returns?

A Oh, I wouldn't say that at all.

Q Well, you have just testified -- you testified you verified the sales

A You are talking about costs.

Q -- and decided not to challenge the sales as reported in Wisconsin?

in which they were computed; and as I said, I had some questions about that, the area accounting, area credit, area marketing, other area expense, other functional services, administrative in general, total $883,769 out of $1,700,000, over half of $1,700,000 of indirect -- of expenses, I had questions about that.

Q I mean, this is a question that you say they are overstated or understated or what?

A Overstated.

Q Overstated by how much?

A That is the question.

Q Well, don't you know? You say there is $800,000 there.

A They could be overstated. Who can say, because at this point, as I started to say before, I went back to Madison and we went over the information that we had regarding unitariness, we decided that in our opinion the company was unitary. Once you reach that point, it doesn't matter. You lose interest in these other items because they become unimportant. You determine that this company cannot compute its income and file its tax return on this basis, so it no longer makes any sense to go back and try to correct a number that you are not going to use anyway.

Q Well, now, let's just pursue this separate accounting business. That is the way the tax return is reported

and I am trying to determine how much auditing you did.

A Quite a lot.

Q You said you audited the sales and you concluded that you couldn't adjust the sales. You said you have no basis for adjusting the cost of sales. Now of these expenses that you claim that you have questions on, how substantial are these questions?

A That could be -- this could be 50% off.

Q You have $800,000 of those --

A $400,000 off, it could be.

Q Let's look at the front of the return, and let's assume for a minute that those were $400,000 overstated. The return shows a taxable loss of $842,000. There still wouldn't have been any tax due to the State of Wisconsin, would there?

A If that was the only adjustment.

Q What else would there be an adjustment to?

A Everything else.

Q Everything? Well, like what?

A Adjustments to cost -- there could be adjustments to all these other expenses.

Q But you don't have any facts -- you have previously said you wouldn't even challenge any of these other expenses. If you have something specific, I would like to know what it is.

A I told you, and that is what I have told you is once you determine that a company is unitary, this method of computing income is not valid. It does not produce an accurate result, so to tear apart any individual number is meaningless.

Q It did not produce any income for the State of Wisconsin, right?

A You bet your life it did not.

Q So the apportionment would appear to be the only way to produce any income to the State of Wisconsin?

A That was a result, yes. I have audited a lot of companies where it was producing nothing.

Q It didn't work that way with the oil companies, did it?

A Unfortunately or fortunately, depending on your point of view, it didn't.

Q Now, do you recall or can you tell from your work papers whether you had any questions relating to the sales, the cost of sales on the other four years, 1960, 1961, '62, '63?

Q I would say not. Once you determine a company is unitary, an audit procedure — my audit procedure calls for not spending any more time on something that is not important. We don't have time to audit things that are not important. This is only one company out of 50,000 or more.

Q All right. The company during this period was incurring at least in some of the years fairly substantial losses as evidenced by the 1964 return, is that not correct?

A I don't think that return evidences anything.

Q As reported on the returns?

A Yes.

Q You are entitled to your own opinion as to whether they were in fact incurring losses, but now based upon your accounting background if the sales of the company in Wisconsin are accurately reflected, and if you can't find any basis for challenging the cost of sales and if the expenses, even if they were 50% overstated, wouldn't have produced taxable income, any way you slice it on a separate accounting basis you are not going to come out with taxes for the State of Wisconsin, are you?

A Absolutely, but that is not the way to slice it.

Q If separate accounting then wouldn't produce any taxable income, then the only way you can get taxable income is if you pull it in from outside of the State, is that correct?

A No. We feel that the apportionment --

Q You have answered the question.

A If your formula is reasonable, the courts have held that the income produced by that formula is taxable.

EXHIBIT 11-7A

WT-IC-100 — **WISCONSIN CORPORATION FRANCHISE OR INCOME TAX RETURN** FORM 4

FOR RAISING STATE, COUNTY AND MUNICIPAL REVENUES

RECEIVED 1965

Exhibit 7A 2997

For the 12th day of the third month following the close of the taxable year. Mail to: WISCONSIN DEPARTMENT OF TAXATION, Corporation Franchise and Income Tax Section, Post Office Box 59, Madison, Wisconsin 53701

For calendar or fiscal taxable year: Beginning _____ Ending _____

LEAVE BLANK

File No. 79-40723

Type 34

Form 4-65 4F5

WIS CORPORATION FRANCHISE & INCOME TAX SECTION

10-2-71 KC

A. Name: Humble Oil & Refining Company

B. Mailing Address (Number and Street): 800 Bell Avenue

City: Houston

State: Texas

C. Zip Code: 77002

D. State of Incorporation: Delaware

E. Year of Incorporation: 1959

F. Principal Business Activity: All phases of the petroleum industry.

G. Principal Product or Service: Petroleum and its products

H. Bus. Code No.: 1310

I. If all your income is derived from within one municipality, complete Schedule J and E. If your income is derived from more than one municipality, complete Schedule J, page 4.

J. City ☐ Village ☐ or Town ☐ of

K. County of

Leave Blank: C MADIS

IMPORTANT — PLEASE REFER TO INSTRUCTION BOOKLET WT-IC-100

INCOME	1. Gross receipts or gross sales, less returns and allowances	12,987,634
	2. Cost of goods sold (Schedule A) or cost of operations (attach schedule)	8,986,232
	3. Gross profit	4,001,402
	4. Profits (losses) from disposal of capital assets (Schedule B) — FIELD AUDITED — (Loss)	(90,327)
	5. Gross dividends (Schedule C)	-
	6. All other income (Schedule D)	731,224
	7. Total income from all sources	4,642,299
DEDUCTIONS	8. Compensation of officers (Schedule E)	
	9. Wages and bonuses	1,435,464
	10. Repairs	257,107
	11. Rent	527,772
	12. Depreciation (Schedule F)	504,177
	13. Depletion and amortization (attach schedule)	36,410
	14. Other taxes (Schedule G)	90,734
	15. Taxes (Schedule H)	338,865
	16. Deductible dividends received (Schedule C)	
	17. Interest	3,120
	18. Other ordinary and necessary expenses (Schedule I)	2,269,970
	19. Total (lines 8 through 18)	5,463,619
	20. Subtotal (line 7 minus line 19) (Loss)	(821,320)
	21. U.S. income taxes (not in excess of 10% of line 20) (Schedule X)	-
	22. Subtotal (Loss)	(821,320)
	23. Contributions (not in excess of 5% of line 22) (Schedule Y)	-
	24. Subtotal	(821,320)
	25. Unused 1963 net business loss offset	-
	26. 1964 net business loss offset	-
	27. Net income (Loss)	(821,320)

TO BE COMPLETED ONLY BY CORPORATIONS REPORTING ON THE APPORTIONMENT METHOD (Form 4B)

Leave Blank

APPORTIONMENT	28. Total company net non-apportionable income (loss)	
	29. Apportionable income (line 27 minus line 28)	
	30. Per cent to Wisconsin	%
	31. Amount to Wisconsin	
	32. Wisconsin net non-apportionable income (loss)	
	33. Wisconsin net income	
	34. Wisconsin sales $	0 1 2 3 4 5 6 7

		Franchise Tax	Income Tax	Leave Blank
TAX	35. Total tax (see instruction F)	None	None	
	36. Less: Declaration installments paid (Form 4-ES)	2,500		
	37. Other payments and credits			
	38. Balance due — attach remittance			
	39. Overpayment — complete line 40	2,500		

CHECKED BY COMPTOMETER

40. Enter amount of overpayment you want credited on 1966 estimated tax $ 2,500.00 refunded $

PT 3 1965 1966 .00 e

2977 - 2997

Page 2

Schedule A — COST OF GOODS SOLD (See Instruction 2)

1. Inventory at beginning of year (complete lines 8 and 9)	519,103
2. Merchandise purchased for manufacturing	-
3. Merchandise purchased for resale	8,823,042
4. Cost of manufacturing (submit schedule)	-
5. Total	9,342,145
6. Inventory at end of year	355,913
7. Cost of goods sold to line 2, page 1	8,986,232

8. Have you included Form 107 Yes ☐ No ☐ See General Instruction K-4

9. Has your method of inventory valuation changed? Yes ☐ No ☒ If yes, attach explanation.

Schedule B — PROFITS (LOSSES) FROM DISPOSAL OF CAPITAL ASSETS (See Instruction 4)

Kind of Property	Sites: Wis.	Sites: Out-side	Cost or Other Basis	Depreciation Allowed or Allowable	Net Tax Cost	Gross Sales Price less Expense of Sale	Profit (Loss)
Service Stations	X		242,043	35,944	206,099	115,772	(90,327)
Total to line 4, page 1						(Loss)	(90,327)

Schedule C — DIVIDENDS (See Instruction 5)

Name of Declaring Corporation	Gross Dividends	Deductible Dividend Received
Gross dividend income to line 5, page 1	None	
Deductible dividends received to line 16, page 1		None

Schedule D — ALL OTHER INCOME (See Instruction 6)

1. Rent	641,772
2. Royalties from tangible property	
3. Royalties from patents and other intangible property	
4. Interest from securities (except amounts required on line 5)	
5. Interest from obligations of the United States and its instrumentalities*	
6. All other interest	
7. Collections of accounts written off in previous years	
8. Tax refunds	
State Gasoline Tax Allowance	45,720
Other Income	43,732
Total to line 6, page 1	731,224

CHECKED BY COMPTOMETER

*Interest from obligations of the United States and its instrumentalities is not taxable income for corporations subject to income tax. See introduction to instruction booklet.

WT-IC-830

2978

The State of Wisconsin

DEPARTMENT OF TAXATION

IN REPLY PLEASE REFER TO:
CORPORATION FRANCHISE AND
INCOME TAX SECTION
POST OFFICE BOX 59
MADISON, WISCONSIN 53701

Re: 99-40723

February 28, 1967

Humble Oil & Refining Company
Tax Department
Houston, Texas 77001

RECEIVED
MAR 2 1967
HEADQUARTERS
TAX DEPARTMENT

Attention: R. F. Heidner, Jr.
In regard to:
Your letter of: February 21, 1967

We have received your request for an extension of time in which to file:

[X] A 1966 Wisconsin corporation franchise or income tax return, Form 4.

[ ] A complete 1966 Wisconsin corporation franchise or income tax return, Form 4.

Tentative 1966 return filed? Yes [ ] No [ ]

[ ] A 1966 Inventory report Form 10.

An extension of time to April 15, 1967 is hereby granted for the filing of your return(s) as indicated.

TAX RETURN - FORM 4

The maximum extension permitted by Section 71.10 (5) of the Wisconsin Statutes is 30 days, and your return will be considered timely filed if it is received on or before the date shown above. If no return is filed by that time the statutory $10.00 late filing fee will be assessed.

INVENTORY REPORT - FORM 10

This 30 day extension also applies to the Form 10, if such inventory report is required. A $10.00 late filing fee will be assessed if no Form 10 is filed prior to the extended due date listed above.

TAX PAYMENT

Any corporation franchise or income tax that is computed to be due on the complete return which was not paid by the original due date will be subject to extension interest at the rate of 5% per annum from the original due date to the end of the extension period, or the date of payment whichever is earlier. Any amount of tax computed to be due on the complete return that is not paid by the end of the extension period will be considered delinquent as of that date and will be subject to a 2% delinquent penalty and delinquent interest will be added at the rate of 1% per month from the date of delinquency until the date of payment.

ADDITIONAL TIME TO FILE THE COMPLETE FORM 4

If it is impossible to file a complete Form 4 within the extension period granted, a tentative return should be filed prior to the expiration of the extension period, and the complete return filed within 60 days after the close of the extension period. If the tentative return is filed within the extension period and the complete return is filed more than 60 days after the close of the extension period the 25% negligence penalty may be imposed unless it can be shown that the delayed filing was due to reasonable cause and not to negligence. Complete returns filed more than 60 days after the close of the extension period should contain a statement explaining the reason for the delayed filing.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

NOTE: Enclose one copy of this notice with your return.

2978

DECLARATION OF ESTIMATED TAX
(This Form To Be Filed At The Address Shown Above)

Form 4-ES

1966

Leave This Space Blank

File No. 99-40723

Corporation name Humble Oil & Refining Company

Corporation address 800 Bell Avenue, Houston, Texas 77002

This declaration is for: (Check one)
[X] Calendar year 1966
[ ] Fiscal year beginning _____ 19___ and ending _____ 19___

1.	1965 Wisconsin corporation franchise or income tax	$ None
2.	Estimate of 1966 Wisconsin corporation franchise or income tax	$ 2,500.00
3.	Deduct amount claimed for credit from overpayment of 1965 tax	$ 2,500.00
4.	Balance of estimated 1966 tax to be paid	$ None
5.	Computation of payment: Check proper box and enter amount of payment [ ] March 15, 1966, enter 1/4 of line 4 [ ] June 15, 1966, enter 1/3 of line 4 [ ] September 15, 1966, enter 1/2 of line 4 [ ] January 15, 1967, enter amount on line 4	$ None

If this declaration is due to be filed on [Fiscal year taxpayers see Instruction Booklet WT-IC-100]

I declare under the penalties of perjury that this declaration has been examined by me and to the best of my knowledge is a true, correct and complete declaration.

Signature R. F. Heidner, Jr. Title Assistant Secretary Date April 14, 1966

* Overpayment of estimated tax for 1965 is applied as payment in full of estimated tax for 1966.

2979

A. 640

2980

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
W. TRENT TURPIN
COORDINATOR
TAX COMPLIANCE

April 13, 1967

RECEIVED
APR 18 1967
WIS. DEPT. OF TAXATION
CORPORATION FRANCHISE
& INCOME TAX SECTION

Wisconsin Department of Taxation
Corporation Franchise and Income Tax Section
Post Office Box 98
Madison, Wisconsin 53701

Gentlemen:

Enclosed is the 1966 Wisconsin Corporation Franchise Tax Return for Humble Oil & Refining Company, which reflects a loss of $1,159,830 from Wisconsin operations during the calendar year 1966.

Please credit the overpayment of declaration installments against our 1967 estimated tax. We have enclosed completed Form 4-ES, Declaration of Estimated Tax, so that this can be accomplished.

We appreciate very much your cooperation in granting us an extension of time until April 15, 1967 within which to file the final return.

Yours very truly,

RF Heidner Jr.

R. F. Heidner, Jr.

TOF/mt

Attachments

A. 641

2981

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
LEE HILL
MANAGER
W. J. CRAWFORD
ASSISTANT MANAGER

May 18, 1965

RECEIVED
MAY 24 1965
Corporation
Wis. Dept. of Taxation

99-1,703

Wisconsin Department of Taxation
Corporate Income Tax Section
Post Office Box 98
Madison, Wisconsin 53701

Gentlemen:

Enclosed is completed form 4-ES, Declaration of Estimated Tax, for Humble Oil & Refining Company for the calendar year 1965 in accordance with your letter of May 12, 1965.

Please have the overpayment of our 1964 tax applied as payment in full of our estimated Wisconsin Income Tax for the calendar year 1965.

Yours very truly,

W. J. Crawford

RF Heidner Jr.

By: R. F. Heidner, Jr.

JWW/ral
Attachment

A. 642

2982

May 12, 1965

Humble Oil and Refining Company
P. O. Box 2180
Houston, Texas 77001

Gentlemen:

You recently filed your 1964 Wisconsin corporate income tax return showing a computation of an overpayment of 1964 income tax. You also requested transfer of this claimed overpayment of $2,500.00 to the declared tax.

You did not enclose a declaration of estimated income tax for the year 1965. In order that you may receive proper credit for this transfer, it will be necessary that you complete the enclosed Form 4ZS and return it, along with any necessary payment and the enclosed copy of this letter within ten days. Kindly address your reply to this section at the address shown on this letterhead.

CORPORATION INCOME TAX SECTION

FHJ:dmw
enc.

A. 643

2983

April 22, 1965

Humble Oil and Refining Company
P. O. Box 2180
Houston, Texas 77001

Gentlemen:

You recently filed your 1964 Wisconsin corporate income tax return showing a computation of an overpayment of 1964 income tax. You also requested transfer of this claimed overpayment of $2,500.00 to the declared tax.

You did not enclose a declaration of estimated income tax for the year 1965. In order that you may receive proper credit for this transfer, it will be necessary that you complete the enclosed Form 4-ZS and return it, along with any necessary payment and the enclosed copy of this letter within ten days. Kindly address your reply to this section at the address shown on this letterhead.

By_____
Kenneth F. Kleinschmidt

KFK:dmw
enc.

2984

The State of Wisconsin

DEPARTMENT OF TAXATION

IN REPLY PLEASE REFER TO
CORPORATION FRANCHISE AND
INCOME TAX SECTION
POST OFFICE BOX 59
MADISON, WISCONSIN 53701

February 24, 1966

Re: 99-40723

Humble Oil & Refining Company
P. O. Box 2180
Houston, Texas 77001

Attention: R. F. Heidner, Jr.
In regard to:
Your letter of: February 21, 1966

We have received your request for an extension of time in which to file:

[X] A 1965 Wisconsin corporation franchise or income tax return, Form 4.

[ ] A complete 1965 Wisconsin corporation franchise or income tax return, Form 4.

Tentative 1965 return filed? Yes[ ] No[ ]

[ ] A 1965 Inventory report Form 10.

An extension of time to April 15, 1966 is hereby granted for the filing of your return(s) as indicated.

The maximum extension permitted by Section 71.10 (5) of the Wisconsin Statutes is thirty days, and your return will be considered timely filed if it is received on or before the date shown above.

Section 71.10 (9) (a) of the Wisconsin Statutes provides, "Corporation franchise and income taxes not paid on or before the fifteenth day of the third month following the close of the income year, shall be deemed delinquent." This means that any portion of your 1965 Wisconsin corporation tax liability not paid by the extended due date listed above will be delinquent, and shall be subject to a 2% delinquent penalty, and delinquent interest at the rate of 1% per month computed from the due date (not the extended due date) of the return, until the date of payment. Any tax paid within the extension period shall be subject to extension interest computed at the rate of 5% per annum from the due date of payment.

If no return is filed by the extended due date the statutory $10.00 late filing fee will be assessed.

This thirty day extension also applies to the Form 10, if such inventory report is required. A $10.00 late filing fee will be assessed if no Form 10 is filed prior to the extended due date listed above.

If you find it impossible to file a complete Form 4 within the extension period granted above, you may file a tentative Form 4 within the extension period, provided the completed Form 4 is filed within sixty days after the close of the extension period. If you do file a timely tentative Form 4, and the completed Form 4 is not filed within sixty days after the close of the extension period the 25% negligence penalty provided by Section 71.11 (46) may be applicable.

NOTE: Enclose one copy of this notice with your return.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

WT-IC-830

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

2985

February 21, 1966

99-40723
Cal SA Del

Department of Taxation
State of Wisconsin
Madison 2, Wisconsin

Gentlemen:

Since the corporate books of Humble Oil & Refining Company are not closed until a late date, and since the information to be gathered for the preparation of financial statements, once the books are closed, is so voluminous, it would be very difficult to properly prepare and file the Wisconsin Corporation Income Tax Return by March 15, 1966.

We gratefully acknowledge your cooperation in prior years and shall appreciate very much your favorable consideration of this request for an extension until April 15, 1966 for filing this return.

A tentative return will be filed if requested.

Yours very truly,

RF Heidner Jr.
R. F. Heidner, Jr.

JWW/mt

RECEIVED
FEB 24 1966
WIS. DEPT. OF TAXATION
CORPORATION FRANCHISE
& INCOME TAX SECTION

2986

The State of Wisconsin

DEPARTMENT OF TAXATION

February 24, 1966

RECEIVED
MAR 1 1966
HEADQUARTERS
TAX DEPARTMENT

IN REPLY PLEASE REFER TO:
CORPORATION FRANCHISE AND
INCOME TAX SECTION
POST OFFICE BOX 59
MADISON, WISCONSIN 53701

Re: 99-40723

Humble Oil & Refining Company
P. O. Box 2180
Houston, Texas 77001

Attention: R. F. Heidner, Jr.
In regard to:
Your letter of: February 21, 1966

We have received your request for an extension of time in which to file:

☒ A 1965 Wisconsin corporation franchise or income tax return, Form 4.

☐ A complete 1965 Wisconsin corporation franchise or income tax return, Form 4.

Tentative 1965 return filed? Yes☐ No☐

☐ A 1965 Inventory report Form 10.

An extension of time to April 15, 1966 is hereby granted for the filing of your return(s) as indicated.

The maximum extension permitted by Section 71.10 (5) of the Wisconsin Statutes is thirty days, and your return will be considered timely filed if it is received on or before the date shown above.

Section 71.10 (9) (a) of the Wisconsin Statutes provides, "Corporation franchise and income taxes not paid on or before the fifteenth day of the third month following the close of the income year, shall be deemed delinquent." This means that any portion of your 1965 Wisconsin corporation tax liability not paid by the extended due date listed above will be delinquent, and shall be subject to a 2% delinquent penalty, and delinquent interest at the rate of 1% per month computed from the due date (not the extended due date) of the return, until the date of payment. Any tax paid within the extension period shall be subject to extension interest computed at the rate of 5% per annum from the due date of payment.

If no return is filed by the extended due date the statutory $10.00 late filing fee will be assessed.

This thirty day extension also applies to the Form 10, if such inventory report is required. A $10.00 late filing fee will be assessed if no Form 10 is filed prior to the extended due date listed above.

If you find it impossible to file a complete Form 4 within the extension period granted above, you may file a tentative Form 4 within the extension period, provided the completed Form 4 is filed within sixty days after the close of the extension period. If you do file a timely tentative Form 4, and the completed Form 4 is not filed within sixty days after the close of the extension period the 25% negligence penalty provided by Section 71.11 (46) may be applicable.

NOTE: Enclose one copy of this notice with your return.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

WT-IC-830

Form 4-ES

DECLARATION OF ESTIMATED TAX
(This Form To Be Filed At The Address Shown Above)

1965

Leave This Space Blank

File No. 99-40723

Corporation name Humble Oil & Refining Company

Corporation address 800 Bell Avenue, Houston, Texas 77002

This declaration is for: (Check one) ☒ Calendar year 1965 ☐ Fiscal year beginning ____ 19__ and ending ____ 19__

1.	1964 Wisconsin corporation income tax	$ None
2.	Estimate of 1965 Wisconsin corporation income tax	$ 2,500.00
3.	Deduct amount claimed for credit from overpayment of 1964 tax	$ 2,500.00
4.	Balance of estimated 1965 tax to be paid	$ None
5.	Computation of Payment: Check proper box and enter amount of payment	
	If this declaration is due to be filed on * (Fiscal Year Taxpayers, See Instructions)	☐ March 15, 1965, enter 1/4 of line 4 ☒ June 15, 1965, enter 1/3 of line 4 ☐ September 15, 1965, enter 1/2 of line 4 ☐ January 15, 1966, enter amount on line 4 $ None

I declare under the penalties of perjury that this declaration has been examined by me and to the best of my knowledge is a true, correct and complete declaration.

Signature B. F. Heidner Jr. Title Assistant Secretary Date May 18, 1965

WT-DC-845 *Overpayment of estimated tax for 1964 is applied as payment in full of estimated tax for 1965.

2987

A. 648

2988

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT

N. A. RANEAU
COORDINATOR
TAX COMPLIANCE

April 14, 1966

RECEIVED

APR 18 1966

WIS. DEPT. OF TAXATION
CORPORATION FRANCHISE
& INCOME TAX SECTION

Wisconsin Department of Taxation
Corporation Franchise and Income Tax Section
Post Office Box 98
Madison, Wisconsin 53701

Gentlemen:

Enclosed is the 1965 Wisconsin Corporation Franchise Tax Return for Humble Oil & Refining Company which reflects a loss of $821,320 from Wisconsin operations during the calendar year 1965.

Please credit the overpayment of declaration installments against our 1966 estimated tax. We have enclosed completed Form 4-ES, Declaration of Estimated Tax, so that this can be accomplished.

We appreciate very much your cooperation in granting us an extension of time until April 15, 1966 within which to file the final return.

Yours very truly,

R F Heidner Jr.

R. F. Heidner, Jr.

JWW/bc

Attachments

A. 649

2989

WT-IC-082.
Wisconsin Department of Taxation
Schedule J

Please refer to page [illegible] of
Instruction Booklet WT-IC-100

FORM 4A

BALANCE SHEETS OF Humble Oil & Refining Company
Name of Corporation

ASSETS	December 31, 1964 or other taxable year ending		December 31, 1965 or other taxable year ending	
1. Cash				
2. Notes and accounts receivable				
Less bad debt reserve				
3. Loans to stockholders				
4. Inventories				
Less inventory reserves				
5. Securities, stocks, bonds, etc.				
6. Other investments (attach schedule)				
7. Capital assets:				
Land				
Depreciable assets:				
Buildings				
Machinery				
Other equipment				
Furniture and fixtures				
Total depreciable assets				
Less depreciation reserves				
Depletable assets				
Less depletion reserve				
8. Intangible assets				
Less amortization reserve				
9. Goodwill		Schedule J-1		
10. Cash value of life insurance		Attached		
11. Other assets (attach schedule)				
Total assets				
LIABILITIES AND CAPITAL				
12. Accounts payable				
13. Notes payable				
14. Bonded and mortgage debt				
15. Real estate tax accruals				
16. Personal property tax accruals				
17. Payroll tax accruals				
18. Loans from stockholders				
19. Other accrued liabilities (attach schedule)				
20. Other liabilities (attach schedule)				
21. Surplus reserves:				
Wisconsin franchise and income tax				
U. S. income tax				
Other contingent (attach schedule)				
22. Capital stock:				
(a) Preferred stock				
(b) Common stock				
Total				
(c) Less treasury stock				
23. Capital surplus				
24. Earned surplus		(A)		(B)
Total liabilities and capital				

(A) and (B)—See lines 1 and 14, Schedule K

Schedule K — **ANALYSIS OF EARNED SURPLUS**

1. Balance at beginning of taxable year (must agree with item (A), line 24, Schedule J)		2,060,454,328
Amounts credited to earned surplus:		
2. Book income (see line 1, Schedule L)	462,435,949	
3. Other credits to earned surplus (itemize)		
4.		
5.		
6.		462,435,949
7.		2,522,890,277
Subtotal		
Amounts debited to earned surplus:		
8. Cash dividends (a) Preferred (date paid) 19	275,000,000	
(b) Common (date paid) 19		
9. Stock dividends (date paid) 19		
10. Other debits to earned surplus (itemize)		
11.		
12.		275,000,000
13.		2,247,890,277
14. Balance at end of taxable year (must agree with item (B), line 24, Schedule J)		

Schedule L — **RECONCILIATION OF BOOK INCOME WITH NET INCOME**

1. Book income (must agree with line 2, Schedule K)		
Add adjustments to arrive at net income:		
2. Premiums paid on corporate life insurance policies		
3. Unallowable contributions		
4. Non-deductible portion of U. S. income taxes paid (line 6, Schedule X)		
5. Athletic and social club dues		
6.		
7.		
8.		
9.		
10.		
11.		
12. Additions to surplus reserves charged against book income:		
(a) Wisconsin franchise and income tax		
(b) U. S. income tax		
(c)		
(d)		
(e)		
Subtotal		
Deduct adjustments to arrive at net income:		
13. Deductible dividends received (Schedule C)		
14. Non-taxable stock dividends received		
15. Net business loss offset (lines 25 and 26, page 1)		
16. Increase in cash value of life insurance		
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24. Charges made on books against surplus reserves:		
(a) Wisconsin franchise and income tax		
(b) U. S. income tax		
(c)		
(d)		
(e)		
25. Net income (line 27, page 1, Form 4)		

Schedule O completed in lieu of Schedule L

2990

WT-IC-044
Wisconsin Department of Taxation

Form 4C

J

IMPORTANT – REFER TO ITEM ● OF INSTRUCTION BOOKLET WT-IC-100

Schedule N – 1965 SEPARATE ACCOUNTING DATA OF Humble Oil & Refining Company
Name of corporation

INCOME	1. Wisconsin	2. Outside	3. Total
Gross Operating Revenue	12,987,634	3,451,102,380	3,464,090,014
Cost of Goods Sold:			
Beginning Inventory	519,103	248,067,418	248,586,521
Purchases and Manufacturing Costs	8,823,042	2,555,315,924	2,564,138,966
Closing Inventory	355,913	259,882,017	260,237,930
Cost of Goods Sold	8,986,232	2,543,501,325	2,552,487,557
Gross Profit	4,001,402	907,601,055	911,602,457
Deduct:			
Marketing Expenses	5,312,198	361,235,966	366,548,164
Administrative Expenses	249,285	48,280,697	48,529,982
Total	5,561,483	409,516,663	415,078,146
Total income (Loss) From Operations	(1,560,081)	498,084,392	496,524,311

EXPENSES	Basis of Allocation			
Non-Operating Revenue:				
Royalties			176,892	176,892
Interest		13,411	2,248,892	2,262,303
Dividends			16,789,366	16,789,366
Rent Income		641,772	(641,772)*	
Other (Charges) and Credits				
Interest		(3,120)	(14,895,243)	(14,898,363)
Income Taxes			(37,345,514)	(37,345,514)
Other		(875)	(1,072,171)	(1,073,046)
Net Profit (Loss) Carried to Surplus		(908,893)	463,344,842	462,435,949

* The rental income of Humble Oil & Refining Company without Wisconsin has been netted against the Departmental Expenses. Since this is an item which can be clearly accounted for on a direct basis, we do not feel that it is necessary to go back and set out the "Outside Wisconsin" and the "Everywhere" amounts.

Total expenses			
Book income			

When Form 4C is used, Schedule O must be completed in place of Schedule L. The book income in column 3 must agree with line 2, Schedule K.

Schedule O RECONCILIATION OF BOOK INCOME WITH NET INCOME

	1. Wisconsin	2. Outside	3. Total
1. Book income (must agree with Schedule N) ..... (Loss)	(908,893)	463,344,842	462,435,949
Add adjustments to arrive at net income:			
2. Premiums paid on corporate life insurance policies			
3. Unallowable contributions	1,600		1,600
4. Non-deductible portion of U.S. income taxes paid (line 6, Schedule X)			
5. Athletic and social club dues			
6. Depreciation Not Deductible	99,384		99,384
7.			
8.			
9.			
10.			
11.			
12. Additions to surplus reserves charged against book income:			
(a) Wisconsin franchise and income tax			
(b) U.S. income tax			
(c)			
(d)			
(e)			
Subtotal	(807,909)	*	462,536,933
Deduct adjustments to arrive at net income:			
13. Deductible dividends received (Schedule C)			
14. Non-taxable stock dividends received			
15. Net business loss offset (lines 25 and 26, page 1)			
16. Increase in cash value of life insurance			
17. Interest Income Allocated to Residence of Recipient	13,411		13,411
18.			
19.			
20.			
21.			
22.			
23.			
24. Charges made on books against surplus reserves:			
(a) Wisconsin franchise and income tax			
(b) U.S. income tax			
(c)			
(d)			
(e)			
25. Net income (line 27, page 1) ..... (Loss)	(821,320)		
26. Net income (Outside and Total)		463,344,842	462,523,522

27. Were any products or supplies transferred between Wisconsin branches and branches outside Wisconsin? Yes ☒ No ☐

If yes, insert the approximate amount of transfers into Wisconsin $ Not available, at this time. and out of Wisconsin $ Not available at this time.

and attach explanation of how transfer prices were determined.

28. Explain bases used to allocate expenses on Schedule N. Expenses deducted are those actually incurred in Wisconsin with the exception of overhead which is allocated on the basis of sales.

* Detailed adjustments outside Wisconsin are not yet available and will not be until such time as the Federal return is completed. If such detail is required, please notify us and we will gladly furnish it at such time as the Federal return is completed.

3991

HUMBLE OIL & REFINING COMPANY
800 BELL AVENUE, HOUSTON, TEXAS 77002

1965 Wisconsin Corporation Franchise Tax Return

Schedule J-1 - Comparative Balance Sheet

	December 31, 1964	December 31, 1965
Assets		
Cash	$ 45,153,569	$ 39,912,063
Notes and Accounts Receivable	$ 583,469,132	
Reserve	12,241,498	
	465,893,914	571,227,634
Inventories	272,491,379	283,585,012
Investments		205,115,243
Reserve		12,248,523
	216,778,056	192,866,720
Fixed Assets	5,479,265,380	
Reserve	2,637,124,239	
	2,841,346,141	2,962,117,254
Contracts, Trademarks and Other Intangibles		7,387,445
Reserve		3,317,364
	4,245,972	4,070,081
Special Deposits and Funds		2,865,225
Reserve		4,410
	2,568,172	2,860,815
Prepaid and Deferred Charges	22,512,105	26,820,512
Total Assets	$3,870,989,308	$4,083,460,091
Liabilities and Capital		
Accounts Payable	$ 245,007,611	$ 238,141,709
Bonds, Notes and Mortgages Payable	25,434,531	20,407,147
Annuities Payable to Employees - Liabilities Determined by Actuarial Study (Including Temporary Early Retirement Allowance)	46,542,038	38,122,702
Accrued Expenses		84,622,896
Government Income Taxes	163,548,345	$ 136,605,410
Other Taxes, Interest, Insurance, Etc.	88,952,209	
Deferred Credits	18,988,595	
Other Liabilities	773,604,647	
Capital Stock (Common)	448,457,004	
Capital Surplus	2,060,454,328	2,247,890,277
Earned Surplus		
Total Liabilities and Capital	$3,870,989,308	$4,083,460,091

CHICAGO BY

2992

HUMBLE OIL & REFINING COMPANY
800 BELL AVENUE, HOUSTON, TEXAS 77002

1965 Wisconsin Corporation Franchise Tax Return

Exhibit I - Corporations of Which Taxpayer Owned
50 Per Cent or More of Voting Stock at December 31, 1965

Bonded Oil Company, Inc.
Carter Oil Company, The
Enjay, Inc.
Esso, Incorporated
Esso Production Research Company
Extrudo Film Corporation
Friendswood Development Company
Gaseteria Corporation
General Automatic Corporation
Humble Communications Company
Humble Gas Transmission Company
Humble Pipe Line Company
Humble Travel Club, Inc.
Monterey Oil, Gas & Transmission Company
National Plastic Products Company, Inc.
Oklahoma Oil Company
Pate Oil Company
Penola Oil, Inc.
Petroleum Casualty Company
Petroleum Heat and Power Company
Prince George Corporation, The
Red Bluff Development Company
Solar-Therm Corporation of America
Standard Oil Company, Inc.
Yolo County Sales Company

2993

HUMBLE OIL & REFINING COMPANY
WISCONSIN CORPORATION FRANCHISE TAX RETURN
FOR CALENDAR YEAR 1965

Schedule Z-1 - Districts from Which Income is Derived

NAME	TOWN	VILLAGE	CITY	COUNTY	PROPERTY	SALES
DePere			X	Brown	$ 29,882	$ 31,189
Green Bay			X	Brown	295,599	308,525
Columbus			X	Columbia	13,639	14,236
Madison			X	Dane	418,228	436,516
Deforest		X		Dane	32,734	34,166
Beaver Dam			X	Dodge	31,866	33,260
Watertown			X	Dodge	215,624	225,053
Sturgeon Bay			X	Door	23,683	24,718
Ripon			X	Fond du Lac	40,670	42,448
Waupon			X	Fond du Lac	56,169	58,625
Jefferson			X	Jefferson	1,240	1,294
Kenosha			X	Kenosha	149,536	156,074
Tomahawk			X	Lincoln	20,211	21,095
Manitowic			X	Manitowic	36,330	37,919
Two Rivers			X	Manitowic	22,691	23,683
Schofield			X	Marathon	30,130	31,448
Wausau			X	Marathon	64,352	67,166
Brookfield			X	Milwaukee	511,967	534,354
Cudahy			X	Milwaukee	32,114	33,518
Elm Grove		X		Milwaukee	113,578	118,544
Franklin			X	Milwaukee	133,788	139,639
Glendale			X	Milwaukee	46,993	49,048
Greendale			X	Milwaukee	123,001	128,379
Hales Corners		X		Milwaukee	217,236	226,735
Milwaukee			X	Milwaukee	6,914,572	7,256,495
Oak Creek			X	Milwaukee	88,283	92,143
So. Milwaukee			X	Milwaukee	159,579	166,557
Kimberly		X		Outagamie	31,742	33,130
Cederburg			X	Ozaukee	40,670	42,448
MeQuon			X	Ozaukee	85,431	89,167
Port Washington			X	Ozaukee	7,192	- 7,506
Thiensville		X		Ozaukee	63,856	66,649
Burlington			X	Racine	143,460	149,733
Racine			X	Racine	602,234	628,568
Sturtevant			X	Racine	75,388	78,684
Waterford			X	Racine	53,689	56,037
Elkhart Lake			X	Sheboygan	4,836	5,047
Sheboygan			X	Sheboygan	100,186	104,567
Delavan			X	Walworth	24,303	25,365
Elkhorn		X		Walworth	50,961	53,190
Lake Geneva			X	Walworth	35,462	37,013
Germantown	X			Washington	20,583	21,483
West Bend			X	Washington	49,597	51,766
Butler		X		Waukesha	75,016	78,296

2994

Page 2

NAME	TOWN	VILLAGE	CITY	COUNTY	PROPERTY	SALES
Lannon		X		Waukesha	40,794	42,578
Menomonee Falls		X		Waukesha	219,220	228,806
New Berlin			X	Waukesha	127,093	132,650
Oconomowoc			X	Waukesha	60,261	62,896
Okauchee	X			Waukesha	22,443	23,424
Pewaukee		X		Waukesha	44,389	46,331
Waukesha			X	Waukesha	317,050	330,914
Kiel			X	Winnebago	20,333	21,224
Menasha			X	Winnebago	29,386	30,671
Oshkosh			X	Winnebago	76,008	79,331
Wisconsin Rapids	X			Wood	39,802	41,542
Edgerton			X	Rock	37,446	39,083
Janesville			X	Rock	83,073	86,708
GRAND TOTAL					12,405,601	12,987,634

CHICAGO BY COMPARISON

WT-IC-090

2995

FORM 9X

File No. 99-40723

MAR 17 1966

WIS. DEPT. OF TAXATION CORPORATION FRANCHISE & INCOME TAX SECTION

1965
WISCONSIN
Corporation Annual Information Return

SUMMARY OF REPORTS OF SALARY, WAGE, INTEREST, DIVIDEND AND RENT PAYMENTS AND TRANSFERS OF CAPITAL STOCK

FOR THE CALENDAR YEAR 1965

Name	State of Incorporation
Humble Oil & Refining Company	Delaware
Mailing Address (Street and Number)	**City** / **State** / **Zip Code**
P. O. Box 2180 — Houston — Texas — 77001	

Indicate in the spaces below the total number of Forms 8 and 9b submitted:

	Filed with this report	Previously filed
FORMS 8	--	--
FORMS 9b	✓79	--

Have Forms WT-7 and WT-9 been submitted to The Wisconsin Department of Taxation, Post Office Box 34, Madison, Wisconsin, 53701 in accordance with the Provisions of Sections 71.10(8m), 71.10(8n), and 71.20(4) of The Wisconsin Statutes?

Check one: YES ☒ NO ☐

If the above answer is yes, state the total number of Forms WT-9 Filed (From line 1, Form WT-7)	973
State the amount of Wisconsin income tax withheld as shown on all Forms WT-9 Filed (From line 2, Form WT-7)	$ 42,486.68
Insert your Wisconsin employer identification number	32803

INSTRUCTIONS

Form 9X must be filed by all corporations regardless of whether it is necessary to file Forms 8 and 9b. The 1965 Form 9X is due by March 15, 1966. Forms 8 for 1965 are due by March 15, 1966. Forms 9b for 1965 are due either January 31, 1966 or March 15, 1966, according to the instructions on the back of the Form 9b.

Forms 8, 9b and 9X must be prepared on the basis of the calendar year even though your franchise tax return is filed on a fiscal year basis.

Only one Form 9X is required even though you may have a main office and one or more branch offices. Further instructions regarding the preparation and filing of Forms 8 and 9b are on the back of those forms.

I declare to the best of my knowledge and belief the Forms 8 submitted constitute a report of all stock transfers from Wisconsin residents, and the Forms 9b submitted constitute a true and complete statement of payments made and required to be reported by the corporation named at the head of this statement during the calendar year 1965.

D. A. Ranger — (Signature)

TAX COMPLIANCE COORDINATOR — (Title of office held)

Date March 14, 1966

Mail Forms 8, and 9b with Form 9X to

WISCONSIN DEPARTMENT OF TAXATION
CORPORATION FRANCHISE AND INCOME TAX SECTION
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

WT-1C-050 RECEIVED
MAR 5 1966
WIS. DEPT. OF TAXATION
CORPORATION FRANCHISES
& INCOME TAX SECTION

2996

FORM 9X

1965
WISCONSIN
Corporation Annual Information Return

File No.....

SUMMARY OF REPORTS OF SALARY, WAGE, INTEREST, DIVIDEND AND RENT PAYMENTS AND TRANSFERS OF CAPITAL STOCK

FOR THE CALENDAR YEAR 1965

Name	State of Incorporation
HUMBLE OIL & REFINING COMPANY	Delaware

Mailing Address: Street and Number	City	State	Zip Code
P.O. BOX 801	TULSA	OKLAHOMA	74102

Indicate in the spaces below the total number of Forms 8 and 9b submitted:

	Filed with this report	Previously filed
FORMS 8		
FORMS 9b	86 ✓	

Have Forms WT-7 and WT-9 been submitted to The Wisconsin Department of Taxation, Post Office Box 34, Madison, Wisconsin, 53701 in accordance with the Provisions of Sections 71.10(8m), 71.10(8n), and 71.20(4) of The Wisconsin Statutes?

Check one: YES ☑ NO ☐

If the above answer is yes, state the total number of Forms WT-9 Filed (From line 1, Form WT-7)	891
State the amount of Wisconsin income tax withheld as shown on all Forms WT-9 Filed (From line 2, Form WT-7)	36,729.05
Insert your Wisconsin employer identification number	32803

INSTRUCTIONS

Form 9X must be filed by all corporations regardless of whether it is necessary to file Forms 8 and 9b. The 1965 Form 9X is due by March 15, 1966. Forms 8 for 1965 are due by March 15, 1966. Forms 9b for 1965 are due either January 31, 1966 or March 15, 1966, according to the instructions on the back of the Form 9b.

Forms 8, 9b and 9X must be prepared on the basis of the calendar year even though your franchise or income tax return is filed on a fiscal year basis.

Only one Form 9X is required even though you may have a main office and one or more branch offices. Further instructions regarding the preparation and filing of Forms 8 and 9b are on the back of those forms.

I declare to the best of my knowledge and belief the Forms 8 submitted constitute a report of all stock transfers from Wisconsin residents, and the Forms 9b submitted constitute a true and complete statement of payments made and required to be reported by the corporation named at the head of this statement during the calendar year 1965.

x R.D. Mamaluca RDM — Assistant Treasurer
(Signature) (Title of office held)

Date March 4, 1966

Mail Forms 8, and 9b with Form 9X to

WISCONSIN DEPARTMENT OF TAXATION
CORPORATION FRANCHISE AND INCOME TAX SECTION
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

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Schedule E — COMPENSATION OF OFFICERS (See Instruction 8)

Name	Residence if Other State?	Official Title	Per cent of Corporation Stock Owned: Common	Per cent of Corporation Stock Owned: Preferred	Amount of Compensation
Total to line 8, page 1					None

Schedule F — DEPRECIATION (See Instruction 12)

Character of Property	Rate (%) or Life	Amount of Depreciation: 1965	Amount of Depreciation: Accumulated Depreciation Allowed in Prior Years	Analysis of Asset Account: Balance Beginning of Year	Analysis of Asset Account: Additions During Year	Analysis of Asset Account: Assets Written Off During Year	Analysis of Asset Account: Balance End of Year
			← Total additional first-year depreciation (do not include in items below)				
			Schedules supporting deductions are voluminous but are available for inspection.				
Total to line 12, page 1							
Totals							

Schedule G — OTHER LOSSES* (See Instruction 14)

Kind of Loss	Amount
Bad Debts Charged Off	90,734
Total to line 14, page 1	90,734

* Savings and Loan Associations, Mutual Savings Banks and Credit Unions, see Instruction 14

Schedule H — TAXES (See Instruction 15)

Kind of Tax	Date Paid: Month	Date Paid: Year	Amount
1. Real estate			266,576
2. Personal property			
3. Wisconsin franchise and/or income			
Federal and State			39,784
Employers Taxes			16,405
Permits and Licenses			16,100
Other			
Total to line 15, page 1			338,865

1. Location of books and records for audit purposes: 800 Bell Avenue (Street and Number), Houston, (City), Texas (State)

2. Method of filing — see General Instruction D: Cash ☐ Accrual ☒

3. (a) Attach list of corporations in which you own, directly or indirectly, 50% or more of the outstanding voting stock. Exhibit I Attached

(b) Have the incomes of these affiliated corporations been included in this return? Yes ☐ No ☒

4. (a) Give the names of any corporations, individuals, partnerships, trusts or associations which own 50% or more of your outstanding voting stock: Standard Oil Company (New Jersey), 100%.

(b) Have the incomes of any of these organizations been included in this return? Yes ☐ No ☒

5. Did you sell to, or buy from, any individual or organization listed in items 3 or 4 above? Yes ☒ No ☐ If yes, insert approximate amount of such sales: Not available at this time. purchases: Not available at this time. and attach explanations of how transfer prices were determined.

6. If your corporation has been involved in any reorganization during the period covered by this return, attach a detailed explanation.

7. Insert your Wisconsin withholding tax employer's identification number: 32803 (If none, write none)

8. Insert your Wisconsin seller's permit number: 39561 - Various (If none, write none), or use tax number: 39561 (If none, write none)

Page 4

Schedule I — OTHER ORDINARY AND NECESSARY EXPENSES

End of Income	Amount Dollars
Travel, Trade and Touring	69,559
Commissions Paid Consignment	353,106
Painting	40,453
Installation and Removal	21,423
Credit and Collection	58,242
Sales Promotion	65,468
Products Consumed	18,821
Postage, Stationery & Supplies	57,376
Outside Transportation	113,185
Fuel Light and Power	37,310
Telephone and Telegraph	32,477
Outside Services	24,651
Administrative Expense	249,285
Area Expense - Marketing	181,910
- Accounting	271,391
- Other	125,988
Misc. Marketing Expense	13,967
Other Miscellaneous Expense	1,296
Casualty Losses	11,960
Advertising	534,102
Total to line 18, page 1	2,269,970

Schedule X — U.S. INCOME TAXES

1. Paid in 1965 on 1964 income	
2. Paid in 1965 on 1965 income	
3. Additional assessments paid in 1965 on incomes of prior years	
4. Total	
5. Amount deductible (limited to 10% of line 20, page 1 — to line 21, page 1)	
6. Non-deductible portion (line 4 minus line 5 — to line 4, Schedule L)	None

Schedule Y — CONTRIBUTIONS

Name	State	Amount
Contributions carry over		
Total to line 23, page 1		None

CHECKED BY COMPTOMETER

Schedule Z — DISTRICTS FROM WHICH INCOME IS DERIVED

THIS SCHEDULE MUST BE COMPLETED BY ALL CORPORATIONS WHICH DERIVE THEIR INCOME FROM MORE THAN ONE MUNICIPALITY

Enter the legal name of each municipality, checking the proper city, village or town block, and the name of the appropriate county in which a portion of your income was derived. If your operation in each of the various municipalities listed was an integral part of a unitary business, the amount of property (net value, but include inventory), cost of manufacturing, and sales attributable to each municipality must be inserted in the proper column. If any factor for a particular municipality is zero, insert "none" in the column.

If the operation in each of the various municipalities listed was not an integral part of a unitary business, and if the net profit in each location can be separately determined in accordance with Section 71.07, such net profit figure for each municipality may be submitted in the last column in lieu of the data required in the preceding three columns.

DISTRICT Name	Check one: City	Vil.	Town	County	AMOUNT Property	Cost of Manufacturing	Sales	Net Profit
					Schedule Z-1 Attached			
Totals								

1/M

DECLARATION

We, the undersigned, president (or vice-president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, each for himself declares that this return (including any accompanying schedules and statements) has been personally examined by him and is, to the best of his knowledge and belief, a true and correct report of income under the provisions of Chapter 71 of the Wisconsin Statutes.

	Vice-President	April 15, 1966
Signature	Title	Date
	Treasurer	April 15, 1966
Signature	Title	Date
Individual or firm signature of preparer	Address	Date

EXHIBIT 11-7B

2998 Ex 7B HC

WISCONSIN CORPORATION FRANCHISE OR INCOME TAX RETURN

FOR RAISING STATE, COUNTY AND MUNICIPAL REVENUES

FORM 4

Ex 11-7B HC

Due the 15th day of the third month following the close of the income year. Mail to: WISCONSIN DEPARTMENT OF TAXATION, Corporation Franchise or Income Tax Section, Post Office Box 59, Madison, Wisconsin

APR 18 1967

1966 or other income year: Beginning 10-2-74 Ending

DEPT. OF TAXATION CORPORATION FRANCHISE OR INCOME TAX SECTION

LEAVE BLANK File No. 72 20725 Type CA Form 4-65 LES Late Fee ☐ Inv. Rpt. Fee ☐

A. Name: Humble Oil & Refining Company

B. Mailing Address: 800 Bell Avenue — Street and Number; Houston — City; Texas — State; C. Zip Code: 77002

D. State of Incorporation: Delaware — E. Year of Incorporation: 1959 — F. Principal Business Activity: All phases of the petroleum industry — G. Principal Product or Service: Petroleum and Its Products — H. Bus. Code No.: 1310

I. If all your income is derived from within one municipality, complete blocks J and K. If your income is derived from more than one municipality, complete Schedule Z, page 4. — J. City ☐ Village ☐ or Town ☐ of — K. County of — Leave Blank: CMH-7-13

IMPORTANT — PLEASE REFER TO INSTRUCTION BOOKLET WT-IC-100

INCOME	1. Gross receipts or gross sales, less returns and allowances	14,050,904
	2. Cost of goods sold (Schedule A) or cost of operations (attach schedule)	9,228,443
	3. Gross profit	4,822,461
	4. Profits (losses) from disposal of capital assets (Schedule B) (Loss) FIELD AUDITED	(61,620)
	5. Gross dividends (Schedule C)	-
	6. All other income (Schedule D)	638,290
	7. Total income from all sources	5,399,131
DEDUCTIONS	8. Compensation of officers (Schedule E)	-
	9. Wages and bonuses	1,715,258
	10. Repairs	398,500
	11. Rent	587,546
	12. Depreciation (Schedule F)	537,831
	13. Depletion and amortization (attach schedule)	26,830
	14. Other taxes (Schedule G)	275,390
	15. Taxes (Schedule H)	404,680
	16. Deductible dividends received (Schedule C)	-
	17. Interest	2,818
	18. Other ordinary and necessary expenses (Schedule I)	2,610,108
	19. Total (lines 8 through 18)	6,558,951
	20. Subtotal (line 7 minus line 19) (Loss)	(1,159,830)
	21. U.S. income taxes (not in excess of 10% of line 20) (Schedule X)	-
	22. Subtotal (Loss)	(1,159,830)
	23. Contributions (not in excess of 5% of line 22) (attach schedule)	-
	24. Subtotal (Loss)	(1,159,830)
	25. Unused 1964 net business loss offset	-
	26. 1965 net business loss offset	-
	27. Net income (Loss)	(1,159,830)

CHECKED BY COMPTOMETER

TO BE COMPLETED ONLY BY CORPORATIONS REPORTING ON THE APPORTIONMENT METHOD (Form 4B)

Leave Blank

APPORTIONMENT	28. Total company net non-apportionable income (loss)—item (T), line 13, Form 4B		
	29. Apportionable income (line 27 minus line 28)		
	30. Per cent to Wisconsin (line 27, Form 4B)	%	
	31. Amount to Wisconsin		
	32. Wisconsin net non-apportionable income (loss)—item (W), line 13, Form 4B		
	33. Wisconsin net income		
	34. Wisconsin sales		0 1 2 3 4 5 6 7

	Compute either the franchise or income tax, not both	Franchise Tax	Income Tax	Leave Blank
TAX	35. Total tax (see instruction F)	None	None	
	36. Less: Declaration installments paid (Form 4-ES)	2,500		
	37. Other payments and credits			
	38. Balance due — attach remittance	2,500		
	39. Overpayment — complete line 40			
	40. Enter amount of overpayment you want credited on 1967 estimated tax	$ 2,500	41. Refunded	$

WT3 3427 APR 18 67 CO 8

Page 2

Schedule A — COST OF GOODS SOLD (See Instruction 2)

1. Inventory at beginning of year (complete lines 9 and 10)	355,818
2. Merchandise purchased for manufacturing	-
3. Merchandise purchased for resale	9,211,451
4. Salaries and wages	-
5. Cost of manufacturing (submit schedule)	-
6. Total	9,567,269
7. Inventory at end of year	338,826
8. Cost of goods sold to line 2, page 1	9,228,443

9. Have you included Form 107? Yes ☐ No ☐ See General Instructions K-4.

10. Has your method of inventory valuation changed? Yes ☐ No ☒ If yes, attach explanation.

Schedule B — PROFITS (LOSSES) FROM DISPOSAL OF CAPITAL ASSETS (See Instruction 4)

Kind of Property	Sales Wis.	Sales Other-wise	Cost or Other Basis	Depreciation Allowed or Allowable	Net Tax Cost	Gross Sales Price less Expense of Sale	Profit (Loss)
Detailed records are maintained by taxpayer and are available for inspection.							
Total to line 4, page 1							

Schedule C — DIVIDENDS (See Instruction 5)

Name of Declaring Corporation	Gross Dividends	Deductible Dividend Received
Gross dividend income to line 5, page 1	None	
Deductible dividends received to line 16, page 1		None

Schedule D — ALL OTHER INCOME (See Instruction 6)

1. Interest from securities (except amounts required on line 2)	
2. Interest from obligations of the United States and its instrumentalities*	
3. All other interest	584,079
4. Rent	
5. Royalties from tangible property	
6. Royalties from patents and intangible property	
7. Collections of accounts written off in previous years	
8. Tax refunds	
State Gasoline Tax Allowance	52,484
Other Income	1,727
Total to line 6, page 1	638,290

*Interest from obligations of the United States and its instrumentalities is not taxable income for corporations subject to income tax. See introduction to instruction booklet.

8 00. [illegible]

WT-IC-142
Wisconsin Department of Taxation
Schedule J

Please refer to page 5 of Instruction Booklet WT-IC-100

2999 FORM 4A

BALANCE SHEETS OF Humble Oil & Refining Company
Name of Corporation

ASSETS	December 31, 1966 or other income year ending		December 31, 1965 or other income year ending	
1. Cash				
2. Notes and accounts receivable				
Less bad debt reserve				
3. Loans to stockholders				
4. Inventories				
Less inventory reserves				
5. Securities, stocks, bonds, etc.				
6. Other investments (attach schedule)				
7. Capital assets:				
Land				
Depreciable assets:				
Buildings				
Machinery				
Other equipment				
Furniture and fixtures				
Total depreciable assets				
Less depreciation reserves		Schedule J-1		
Depletable assets		Attached		
Less depletion reserve				
8. Intangible assets				
Less amortization reserve				
9. Goodwill				
10. Cash value of life insurance				
11. Other assets (attach schedule)				
Total assets				

LIABILITIES AND CAPITAL				
12. Accounts payable				
13. Notes payable				
14. Bonded and mortgage debt				
15. Real estate tax accruals				
16. Personal property tax accruals				
17. Payroll tax accruals				
18. Loans from stockholders				
19. Other accrued liabilities (attach schedule)				
20. Other liabilities (attach schedule)				
21. Surplus reserves:				
Wisconsin franchise and income tax				
U. S. income tax				
Other contingent (attach schedule)				
22. Capital stock:				
(a) Preferred stock				
(b) Common stock				
Total				
(c) Less treasury stock				
23. Capital surplus				
24. Earned surplus		(A)		(B)
Total liabilities and capital				

(A) and (B)—See lines 1 and 14, Schedule K

Schedule K — ANALYSIS OF EARNED SURPLUS

1. Balance at beginning of income year (must agree with item (A), line 24, Schedule J)		2,247,890,277
Amounts credited to earned surplus:		
2. Book income (see line 1, Schedule L)	535,140,618	
3. Other credits to earned surplus (itemize)		
4.		
5.		
6.		535,140,618
7. Subtotal		2,783,030,895
Amounts debited to earned surplus:		
8. Cash dividends (a) Preferred ..... (date paid ..... 19..)		
(b) Common ..... (date paid ..... 19..)	325,000,000	
9. Stock dividends ..... (date paid ..... 19..)		
10. Other debits to earned surplus (itemize)		
11.		
12.		325,000,000
13.		
14. Balance at end of income year (must agree with item (B), line 24, Schedule J)		2,458,030,895

Schedule L — RECONCILIATION OF BOOK INCOME WITH NET INCOME

1. Book income (must agree with line 2, Schedule K)		
Add adjustments to arrive at net income:		
2. Premiums paid on corporate life insurance policies		
3. Unallowable contributions		
4. Non-deductible portion of U. S. income taxes paid (line 6, Schedule X)		
5. Athletic and social club dues		
6.		
7.		
8.		
9.		
10.		
11.		
12. Additions to surplus reserves charged against book income:		
(a) Wisconsin franchise and income tax		
(b) U. S. income tax		
(c)		
(d)		
(e)		
Subtotal		
Deduct adjustments to arrive at net income:		
13. Deductible dividends received (Schedule C)		
14. Non-taxable stock dividends received		
15. Net business loss offset (lines 25 and 26, page 1)		
16. Increase in cash value of life insurance		
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24. Charges made on books against surplus reserves:		
(a) Wisconsin franchise and income tax		
(b) U. S. income tax		
(c)		
(d)		
(e)		
25. Net income (line 27, page 1, Form 4)		

Schedule O Completed in Lieu of Schedule L

3000

HUMBLE OIL & REFINING COMPANY
800 BELL AVENUE, HOUSTON, TEXAS 77002

1966 Wisconsin Corporation Franchise Tax Return

Schedule J-1 - Comparative Balance Sheet

	December 31, 1965	December 31, 1966
Assets		
Cash	$ 39,912,063	$ 45,817,001
Notes and Accounts Receivable	571,227,634	$ 554,899,467
Reserve	283,585,012	11,912,948
		542,986,519
Inventories	192,866,720	249,253,431
Investments		215,538,217
Reserve		7,362,000
		208,176,217
Fixed Assets	2,962,117,254	5,467,970,807
Reserve		2,474,556,422
		2,993,414,185
Contracts, Trademarks and Other Intangibles	4,070,061	7,724,849
Reserve		3,920,161
		3,804,688
Special Deposits and Funds	2,860,815	4,926,829
Reserve		4,410
		4,922,219
Prepaid and Deferred Charges	26,820,512	28,543,169
Total Assets	$4,083,460,091	$4,076,917,429
Liabilities and Capital		
Accounts Payable	$ 238,141,709	$ 245,851,163
Bonds, Notes and Mortgages Payable	20,407,147	33,801,168
Annuities Payable to Employees - Liabilities Determined by Actuarial Study (Including Temporary Early Retirement Allowance)	38,122,702	32,623,634
Accrued Expenses		$ 87,531,243
Government Income Taxes	221,228,306	124,823,026
Other Taxes, Interest, Insurance, Etc.	79,401,975	212,354,269
Deferred Credits	16,206,324	73,615,811
Other Liabilities	773,604,647	17,869,523
Capital Stock (Common)	448,457,004	773,604,647
Capital Surplus	2,247,890,277	229,164,883
Earned Surplus		2,458,032,331
Total Liabilities and Capital	$4,083,460,091	$4,076,917,429

CHICAGO BY COMPARISON

3001

WT-IC-044
Wisconsin Department of Taxation

Form 4C

IMPORTANT – REFER TO GENERAL INSTRUCTION J OF INSTRUCTION BOOKLET WT-IC-100

Schedule N – 1966 SEPARATE ACCOUNTING DATA OF ..... (Name of corporation)

INCOME	1. Wisconsin	2. Outside	3. Total
Gross Operating Revenue	14,050,904	3,338,526,204	3,352,579,108
Cost of Goods Sold:			
Beginning Inventory	355,818	259,882,112	260,237,930
Purchases & Manufacturing Costs	9,211,451	2,324,672,514	2,333,883,965
Closing Inventory	338,826	228,429,963	228,768,789
Cost of Goods Sold	9,228,443	2,356,124,663	2,365,353,106
Gross Profit	4,822,461	982,403,541	987,226,002
Deduct:			
Marketing Expense	6,523,630	354,601,194	361,124,824
Administrative Expense	120,137	38,142,981	38,263,118
Total	6,643,767	392,744,175	399,387,942
Total income (Loss) From Operations	(1,821,306)	589,659,366	587,838,060

EXPENSES	Basis of Allocation			
Non-Operating Revenue:				
Royalties			235,439	235,439
Interest		37,868	2,084,870	2,122,738
Dividends			20,255,740	20,255,740
Rent Income		584,079	(584,079)*	
Other (Charges) & Credits:				
Interest		(2,818)	(10,208,409)	(10,211,227)
Income Taxes			(62,451,181)	(62,451,181)
Other		(7,409)	(2,641,542)	(2,648,951)
Net Profit (Loss) Carried to Surplus		(1,209,586)	536,350,204	535,140,618
Total expenses				
Book income				

CHECKED BY

* The rental income of Humble Oil & Refining Company without Wisconsin has been netted against the Departmental Expenses. Since this is a item which can be clearly accounted for on a direct basis, we do not feel that it is necessary to go back and set out the "Outside Wisconsin" and the "Everywhere" amounts.

When Form 4C is used, Schedule O must be completed in place of Schedule L. The book income in column 3 must agree with line 2, Schedule K.

(over)

Schedule O RECONCILIATION OF BOOK INCOME WITH NET INCOME

	1. Wisconsin	2. Outside	3. Total
1. Book income (must agree with Schedule N) ..... (Loss)	(1,209,586)	536,350,204	535,140,618
Add adjustments to arrive at net income:			
2. Premiums paid on corporate life insurance policies			
3. Unallowable contributions	1,400		1,400
4. Non-deductible portion of U.S. income taxes paid (line 6, Schedule X)			
5. Athletic and social club dues			
6. Depreciation Not Deductible	86,224		86,224
7.			
8.			
9.			
10.			
11.			
12. Additions to surplus reserves charged against book income:			
(a) Wisconsin franchise and income tax			
(b) U.S. income tax			
(c)			
(d)			
(e)			
Subtotal	(1,121,962)	*	535,228,242
Deduct adjustments to arrive at net income:			
13. Deductible dividends received (Schedule C)			
14. Non-taxable stock dividends received			
15. Net business loss offset (lines 25 and 26, page 1)			
16. Increase in cash value of life insurance			
17. Interest Income Allocated to Residence of Recipient	37,868		37,868
18.			
19.			
20.			
21.			
22.			
23.			
24. Charges made on books against surplus reserves:			
(a) Wisconsin franchise and income tax			
(b) U.S. income tax			
(c)			
(d)			
(e)			
Subtotal	37,868		37,868
25. Net income (line 27, page 1)	(1,159,830)		
26. Net income (Outside and Total)		536,350,204	535,190,374

CHECKED BY

27. Were any products or supplies transferred between Wisconsin branches and branches outside Wisconsin? Yes ☒ No ☐

If yes, insert the approximate amount of transfers into Wisconsin $ Not available at this time. and out of Wisconsin $ Not available at this time.

and attach explanation of how transfer prices were determined.

28. Explain bases used to allocate expenses within and without Wisconsin Expenses deducted are those actually incurred in Wisconsin with the exception of overhead which is allocated on the basis of sales.

* Detailed adjustments outside Wisconsin are not yet available and will not be until such time as the Federal return is completed. If such detail is required, please notify us and we will

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HUMBLE OIL & REFINING COMPANY
800 BELL AVENUE, HOUSTON, TEXAS 77002

1966 Wisconsin Corporate Franchise Tax Return
Exhibit I

A. Corporations of Which Taxpayer Owned Over 50 Per Cent of Voting Stock at December 31, 1966:

Name	Address	Per-centage Owned	Date Acquired
Arven, Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1966
Bonded Oil Company, Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Carter Oil Company, The	800 Bell Avenue, Houston, Texas 77002	100.00	1959
Esso, Incorporated	60 West 49th Street, New York, New York 10020	100.00	1959
Esso Production Research Company	3120 Buffalo Speedway, Houston, Texas 77006	100.00	1964
Freeway Service Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1966
Friendswood Development Company	800 Bell Avenue, Houston, Texas 77002	100.00	1962
Gasteria Corporation	800 Bell Avenue, Houston, Texas 77002	100.00	1960
General Automatic, Inc.	900 First Nat'l Bank Bldg., Baltimore, Maryland 21203	100.00*	1960
Humble Communications Company	800 Bell Avenue, Houston, Texas 77002	100.00	1961
Humble Gas Transmission Company	1700 Commerce Bldg., New Orleans, Louisiana 70112	100.00	1962
Humble Leasing Company	800 Bell Avenue, Houston, Texas 77002	100.00	1966
Humble Pipe Line Company	800 Bell Avenue, Houston, Texas 77002	100.00	1961
Humble Travel Club, Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1964
Link Company	800 Bell Avenue, Houston, Texas 77002	100.00	1966
Monterey Oil, Gas & Transmission Co.	821 Gravier Street, New Orleans, Louisiana 70160	100.00	1961
Oklahoma Oil Company	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Pate Oil Company	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Penola Oil, Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Petroleum Casualty Company	800 Bell Avenue, Houston, Texas 77002	100.00	1964
Petroleum Heat and Power Company	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Prince George Fuel Corporation, The	900 First Nat'l Bank Bldg., Baltimore, Maryland 21203	100.00*	1962
Red Bluff Development Company	800 Bell Avenue, Houston, Texas 77002	100.00	1965
Solar-Therm Corporation of America	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Standard Oil Company, Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1960

*No Stock Issued

B. Corporation Owning 50 Per Cent or More of Taxpayer's Voting Stock:

Name	Address	Per-centage Owned	Date Acquired
Standard Oil Company (New Jersey)	30 Rockefeller Plaza, New York, New York 10020	100.00	1959

~~1966~~ -

3003

HUMBLE OIL & REFINING COMPANY
WISCONSIN CORPORATION FRANCHISE TAX RETURN
FOR CALENDAR YEAR 1966

Schedule Z-1 - Districts from Which Income is Derived

NAME	TOWN	VILLAGE	CITY	COUNTY	PROPERTY	SALES
DePere			X	Brown	$ 38,017	$ 29,593
Green Bay			X	Brown	315,039	361,994
Columbus			X	Columbia	17,838	13,886
Madison			X	Dane	428,189	527,914
DeForest		X		Dane	100,359	78,121
Beaver Dam			X	Dodge	38,738	30,155
Watertown			X	Dodge	222,654	231,699
Sturgeon Bay			X	Door	27,027	21,038
Ripon			X	Fond du Lac	50,089	38,990
Waupun			X	Fond du Lac	58,738	45,723
New Berlin			X	Green	158,916	154,840
Kenosha			X	Kenosha	158,916	154,840
Tomahawk			X	Lincoln	28,828	22,441
Manitowoc			X	Manitowoc	62,522	48,668
Two Rivers			X	Manitowoc	32,432	25,246
Schofield			X	Marathon	40,720	31,697
Wausau			X	Marathon	72,792	56,662
Milwaukee			X	Milwaukee	6,943,990	7,193,205
Fox Point			X	Milwaukee	131,710	102,525
Glendale			X	Milwaukee	76,395	59,467
Brookfield			X	Milwaukee	525,127	447,689
West Allis			X	Milwaukee	181,259	141,095
Oak Creek			X	Milwaukee	173,781	174,195
South Milwaukee			X	Milwaukee	167,430	149,791
Hales Corner		X		Milwaukee	229,725	256,664
Brown Deer		X		Milwaukee	15,856	12,342
Greendale			X	Milwaukee	138,376	107,715
Kimberly		X		Outagamie	40,720	31,697
Appleton			X	Outagamie	33,153	25,807
Little Chute	X			Outagamie	45,225	35,204
Bayside		X		Ozaukee	57,477	44,741
Thiensville		X		Ozaukee	94,413	73,493
Mequon			X	Ozaukee	116,034	90,323
Port Washington			X	Ozaukee	107,746	83,872
Cedarburg			X	Ozaukee	58,738	45,723
Saukville	X			Ozaukee	34,954	27,209
Belgium		X		Ozaukee	1,982	1,543
Burlington			X	Racine	145,493	152,175
Sturtevant			X	Racine	101,080	78,682
Racine			X	Racine	614,944	634,367
Waterford			X	Racine	65,585	51,052
Janesville			X	Rock	48,468	37,728
Edgerton			X	Rock	57,116	44,461

3004

Schedule Z-1 - Districts from Which Income is Derived

NAME	TOWN	VILLAGE	CITY	COUNTY	PROPERTY	SALES
Beloit			X	Rock	$ 94,954	$ 73,914
South Beloit	X			Rock	49,549	38,571
Afton		X		Rock	35,855	27,910
Orfordville	X			Rock	24,324	18,934
Franklin			X	Sheboygan	194,276	170,689
Sheboygan Falls			X	Sheboygan	5,225	4,067
Elkhart Lake			X	Sheboygan	3,964	3,086
Sheboygan			X	Sheboygan	118,871	150,913
Lake Geneva			X	Walworth	36,396	28,332
Delavan			X	Walworth	58,558	45,582
Elkhorn		X		Walworth	72,792	56,662
Whitewater			X	Walworth	66,485	51,753
Germantown	X			Washington	60,900	47,407
West Bend			X	Washington	65,585	51,052
Richfield	X			Washington	2,703	2,104
Menomonee Falls		X		Waukesha	243,509	228,473
Lannon		X		Waukesha	57,296	44,601
Butler		X		Waukesha	114,953	89,482
Wauwatosa			X	Waukesha	148,871	135,345
Elm Grove		X		Waukesha	139,998	108,977
Delafield			X	Waukesha	84,503	65,779
Pensaukee		X		Waukesha	75,675	58,906
Oconomowoc			X	Waukesha	55,314	43,058
Waukesha			X	Waukesha	324,499	330,437
Okauchee	X			Waukesha	28,108	21,879
Muskego	X			Waukesha	31,531	24,544
Oshkosh			X	Winnebago	75,494	58,766
Neenah			X	Winnebago	33,513	26,087
Menasha			X	Winnebago	23,603	18,373
Kiel			X	Winnebago	31,172	24,264
Wisconsin Rapids	X			Wood	31,712	24,685
	GRAND TOTAL				$14,448,779	$14,050,904

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WT-IC-090 RECEIVED MAR 10 1967 W. DEPT. OF TAXATION CORPORATION FRANCHISE & INCOME TAX SECTION

3005

FORM 9X

File No. 99-40123

1966 WISCONSIN Corporation Annual Information Return

OF REPORTS OF SALARY, WAGE, INTEREST, DIVIDEND AND RENT PAYMENTS AND TRANSFERS OF CAPITAL STOCK

FOR THE CALENDAR YEAR 1966

Name	State of Incorporation
Humble Oil & Refining Company, Attention Sam Farrell	Delaware
Mailing Address Street and Number: P. O. Box 2180, Houston, Texas — City — State	Zip Code: 77001

Indicate in the spaces below the total number of Forms 8 and 9b submitted:

	Filed with this report	Previously filed
FORMS 8	--	--
FORMS 9b	211	--

	Check one	
Have Forms WT-7 and WT-9 been submitted to The Wisconsin Department of Taxation, Post Office Box 34, Madison, Wisconsin 53701 in accordance with the Provisions of Sections 71.10(8m), 71.10(8n), and 71.20(4) of The Wisconsin Statutes?	YES	☒
	NO	☐

If the above answer is yes, state the total number of Forms WT-9 filed (From line 1, Form WT-7)	1,498
State the amount of Wisconsin income tax withheld as shown on all Forms WT-9 filed (From line 2, Form WT-7)	$60,852.58
Insert your Wisconsin employer identification number	32803

INSTRUCTIONS

Form 9X must be filed by all corporations regardless of whether it is necessary to file Forms 8 and 9b. The 1966 Form 9X is due by March 15, 1967. Forms 8 for 1966 are due by March 15, 1967. Forms 9b for 1966 are due either January 31, 1967, or March 15, 1967, according to the instructions on the back of the Form 9b.

Forms 8, 9b and 9X must be prepared on the basis of the calendar year even though your franchise or income tax return is filed on a fiscal year basis.

Only one Form 9X is required even though you may have a main office and one or more branch offices. Further instructions regarding the preparation and filing of Forms 8 and 9b are on the back of those forms.

I declare to the best of my knowledge and belief the Forms 8 submitted constitute a report of all stock transfers from Wisconsin residents, and the Forms 9b submitted constitute a true and complete statement of payments made and required to be reported by the corporation named at the head of this statement during the calendar year 1966.

W. Trent Turpin (Signature)

W. TRENT TURPIN
TAX COMPLIANCE COORDINATOR (Title of office held)

Date March 6, 1967

Mail Forms 8, and 9b with Form 9X to

WISCONSIN DEPARTMENT OF TAXATION
CORPORATION FRANCHISE AND INCOME TAX SECTION
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

WT-IC-830

3006

The State of Wisconsin

DEPARTMENT OF TAXATION

IN REPLY PLEASE REFER TO:
CORPORATION FRANCHISE AND
INCOME TAX SECTION
POST OFFICE BOX 59
MADISON, WISCONSIN 53701

February 28, 1967

Re: 99-40723

Humble Oil & Refining Company
Tax Department
Houston, Texas 77001

Attention: R. F. Heidner, Jr.
In regard to:
Your letter of: February 21, 1967

We have received your request for an extension of time in which to file:

☒ A 1966 Wisconsin corporation franchise or income tax return, Form 4.

☐ A complete 1966 Wisconsin corporation franchise or income tax return, Form 4.

Tentative 1966 return filed? Yes ☐ No ☐

☐ A 1966 Inventory report Form 10.

An extension of time to April 15, 1967 is hereby granted for the filing of your return(s) as indicated.

TAX RETURN - FORM 4

The maximum extension permitted by Section 71.10 (5) of the Wisconsin Statutes is 30 days, and your return will be considered timely filed if it is received on or before the date shown above. If no return is filed by that time the statutory $10.00 late filing fee will be assessed.

INVENTORY REPORT - FORM 10

This 30 day extension also applies to the Form 10, if such inventory report is required. A $10.00 late filing fee will be assessed if no Form 10 is filed prior to the extended due date listed above.

TAX PAYMENT

Any corporation franchise or income tax that is computed to be due on the complete return which was not paid by the original due date will be subject to extension interest at the rate of 5% per annum from the original due date to the end of the extension period, or the date of payment whichever is earlier. Any amount of tax computed to be due on the complete return that is not paid by the end of the extension period will be considered delinquent as of that date and will be subject to a 2% delinquent penalty and delinquent interest will be added at the rate of 1% per month from the date of delinquency until the date of payment.

ADDITIONAL TIME TO FILE THE COMPLETE FORM 4

If it is impossible to file a complete Form 4 within the extension period granted, a tentative return should be filed prior to the expiration of the extension period, and the complete return filed within 60 days after the close of the extension period. If the tentative return is filed within the extension period and the complete return is filed more than 60 days after the close of the extension period the 25% negligence penalty may be imposed unless it can be shown that the delayed filing was due to reasonable cause and not to negligence. Complete returns filed more than 60 days after the close of the extension period should contain a statement explaining the reason for the delayed filing.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

NOTE: Enclose one copy of this notice with your return.

3007

Page 3

Schedule E — COMPENSATION OF OFFICERS (See Instruction 8)

Name	Resident of What State?	Official Title	Per cent of Corporation Stock Owned: Common	Per cent of Corporation Stock Owned: Preferred	Amount of Compensation
Subtotal					
Less amount claimed in Schedule A					
Total to line 8, page 1					None

Schedule F — DEPRECIATION (See Instruction 12)

Character of Property	Rate (%) or Life	Amount of Depreciation: 1966	Amount of Depreciation: Accumulated Depreciation Allowed in Prior Years	Analysis of Asset Account: Balance Beginning of Year	Additions During Year	Assets Written Off During Year	Balance End of Year
[redacted]			← Total additional first-year depreciation (do not include in items below)				
Totals							
Less amount claimed in Schedule A							
Amount to line 12, page 1							

Schedules supporting deductions are voluminous but are available for inspection.

Schedule G — OTHER LOSSES* (See Instruction 14)

Kind of Loss	Amount
Bad Debts Charged Off	275,390
Total to line 14, page 1	275,390

*Savings and Loan Associations, Mutual Savings Banks and Credit Unions, see instruction 14

Schedule H — TAXES (See Instruction 15)

Kind of Tax	Date Paid: Month	Date Paid: Year	Amount
1. Wisconsin franchise and/or income:			
a. Paid in 1966 on 1965 income			
b. Paid in 1966 on 1966 income			
2. Real estate			308,429
3. Personal property			
Federal and State Employer Taxes			85,294
Permits and Licenses			9,712
Other			1,245
Subtotal			
Less amount claimed in Schedule A			
Total to line 15, page 1			404,680

CHECKED BY [illegible]

1. Location of books and records for audit purposes: 800 Bell Avenue (Street and Number) Houston (City) Texas (State)

2. Method of filing — see General Instruction D: Cash ☐ Accrual ☒

3. (a) Attach list of corporations in which you own, directly or indirectly, 50% or more of the outstanding voting stock. Exhibit I Attached
(b) Have the incomes of these affiliated corporations been included in this return? Yes ☐ No ☒

4. (a) Give the names of any corporations, individuals, partnerships, trusts or associations which own 50% or more of your outstanding voting stock: Standard Oil Company (New Jersey), 100%
(b) Have the incomes of any of these organizations been included in this return? Yes ☐ No ☒

5. Did you sell to or buy from any individual or organization listed in items 3 or 4 above? Yes ☒ No ☐ If yes, insert approximate amount of such sales $ Not available at this time. purchases $ Not available at this time. and attach explanations of how transfer prices were determined.

6. If your corporation has been involved in any reorganization during the period covered by this return, attach a detailed explanation.

7. Insert your Wisconsin withholding tax employer's identification number 32803 If none, write none

8. Insert your Wisconsin seller's permit number 39561-Various If none, write none or use tax number 39561 If none, write none

Page 4

Schedule I — OTHER ORDINARY AND NECESSARY EXPENSES

Kind of Expense	
Commissions	699,429
Travel, Trade & Moving	82,484
Painting	83,837
Installation & Removal	46,653
Credit & Collection	63,735
Sales Promotion	117,179
Products Consumed	23,165
Postage, Stationery & Supplies	100,119
Outside Transportation	106,053
Fuel, Light & Power	63,704
Telephone & Telegraph	37,973
Outside Services	55,423
Administrative Expenses	120,137
Area Expenses	552,067
Misc. Marketing Expense	19,059
Other Misc. Expenses	2,628
Casualty Losses	9,730
Rents	2,183,147
Advertising	426,933
Pension, profit sharing, stock bonus and annuity plans	
Other employee benefit plans	
Total to line 18, page 1	2,610,108

Schedule X — U.S. INCOME TAXES

1. Paid in 1966 on 1965 income	
2. Paid in 1966 on 1966 income	
3. Additional assessments paid in 1966 on incomes of prior years	
4. Total	
5. Amount deductible (limited to 10% of line 20, page 1 — to line 21, page 1)	
6. Non-deductible portion (line 4 minus line 5 — to line 4, Schedule L)	None

TAX RATE SCHEDULE (See instruction F)

If the net income is:	The amount of franchise or income tax is:
Not over $1,000	2% of net income
Over $1,000 but not over $2,000	$ 20 plus 2½% of excess over $1,000
Over $2,000 but not over $3,000	$ 45 plus 3 % of excess over $2,000
Over $3,000 but not over $4,000	$ 75 plus 4 % of excess over $3,000
Over $4,000 but not over $5,000	$115 plus 5 % of excess over $4,000
Over $5,000 but not over $6,000	$165 plus 6 % of excess over $5,000
Over $6,000	$225 plus 7 % of excess over $6,000

Corporations reporting in excess of $6,000.00 net income may use a short cut method of tax computation by multiplying their net income by 7% and subtracting $195.00.

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Schedule Z — DISTRICTS FROM WHICH INCOME IS DERIVED

THIS SCHEDULE MUST BE COMPLETED BY ALL CORPORATIONS WHICH DERIVE THEIR INCOME FROM MORE THAN ONE MUNICIPALITY

Enter the legal name of each municipality, checking the proper city, village or town block, and the name of the appropriate county in which a portion of your income was derived. If your operation in each of the various municipalities listed was an integral part of a unitary business, the amount of property (net value, but include inventory), cost of manufacturing, and sales attributable to each municipality must be inserted in the proper column. If any factor for a particular municipality is zero, insert "none" in the column.

If the operation in each of the various municipalities listed was not an integral part of a unitary business, and if the net profit in each location can be accurately determined in accordance with Section 71.07, such net profit figure for each municipality may be submitted in the last column in lieu of the data required in the preceding three columns.

DISTRICT					AMOUNT			
Name	Check one: City	Vil.	Town	County	Property	Cost of Manufacturing	Sales	Net Profit
				Schedule Z-1 Attached				
Totals								

DECLARATION

We, the undersigned, president (or vice-president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, each for himself declares that this return (including any accompanying schedules and statements) has been personally examined by him and is, to the best of his knowledge and belief, a true and correct report of income under the provisions of Chapter 71 of the Wisconsin Statutes.

Signature	Vice President — Title	April 14, 1967 — Date
Signature	Assistant Treasurer — Title	April 14, 1967 — Date
Individual or firm signature of preparer	Address	Date

EXHIBIT 11-7C

11-7C Exhibit 7C 3008

WT-IC-040 **WISCONSIN CORPORATION FRANCHISE OR INCOME TAX RETURN** FORM 4

RECEIVED APR 17 1968 WIS. TAX BUREAU

FOR STATE, COUNTY AND MUNICIPAL REVENUES 1967 or other income year: Beginning 10-2-74 Ending

Ex 11-7C KC3

Due the 15th day of the third month following the close of the income year. Mail to: WISCONSIN DEPARTMENT OF REVENUE, Corporation Franchise and Income Tax Bureau, Post Office Box 98, Madison, Wisconsin 53701

LEAVE BLANK: File No. 99 40723; Type 3A; Form 4-68 4ES; Late Fee ☐ Inv. Report Fee ☐

A. Name	B. State of Incorporation	C. Year of Incorporation	D. Bus. Code No.
Humble Oil & Refining Company	Delaware	1959	1310

E. Mailing Address: Street and Number: 800 Bell Avenue; City: Houston; State: Texas; Zip Code: 77002

F. If all your income is derived from within one municipality, complete blocks G and H. If your income is derived from more than one municipality, complete Schedule Z, page 4. G. City ☐ Village ☐ or Town ☐ of H. County of

Leave Blank: AAFA-73

INCOME	1. Gross receipts or gross sales, less returns and allowances	16,281,720
	2. Cost of goods sold (Schedule A) or cost of operations (attach schedule)	10,888,422
	3. Gross profit — FIELD AUDITED	5,393,298
	4. Gross dividends (Schedule B)	
	5. Profits (losses) from disposal of capital assets (Schedule C) (Loss)	(7,152)
	6. All other income (Schedule D)	573,866
	7. Total income from all sources	5,960,012
DEDUCTIONS	8. Compensation of officers (Schedule E)	1,664,482
	9. Wages and bonuses	363,504
	10. Repairs	80,319
	11. Bad debts and other losses (Schedule F)	628,380
	12. Rents	520,442
	13. Taxes (Schedule G)	2,700
	14. Interest	30,366
	15. Depletion and amortization (attach schedule)	618,592
	16. Depreciation (Schedule H)	383,248
	17. Advertising	
	18. Pension, profit sharing, stock bonus, annuity plans	
	19. Other employee benefit plans	
	20. Deductible dividends received (Schedule B)	
	21. Other ordinary and necessary expenses (Schedule I)	2,694,203
	22. Total (lines 8 through 21)	6,986,236
	23. Subtotal (line 7 minus line 22) (Loss)	(1,026,224)
	24. U. S. income taxes (not in excess of 10% of line 23) (Schedule X)	
	25. Subtotal (Loss)	(1,026,224)
	26. Contributions (not in excess of 5% of line 25) (attach schedule)	
	27. Subtotal (Loss)	(1,026,224)
	28. Unused 1965 net business loss offset	
	29. 1966 net business loss offset	
	30. Net income (Loss)	(1,026,224)

TO BE COMPLETED ONLY BY CORPORATIONS REPORTING ON THE APPORTIONMENT METHOD (Form 4B)

APPORTIONMENT		Leave Blank
	31. Total company net non-apportionable income (loss)—item (T), line 13, Form 4B	
	32. Apportionable income (line 30 minus line 31)	
	33. Per cent to Wisconsin (line 28 Form 4B) %	
	34. Amount to Wisconsin	
	35. Wisconsin net non-apportionable income (loss)—item (W), line 13, Form 4B	
	36. Wisconsin net income	
	37. Wisconsin sales $	0 1 2 3 4 5 6 7

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	TAX	Leave Blank
38. Total tax (see instruction F)	None	
39. Less: Declaration installments paid (Form 4-ES)	2,500	2500.00
40. Other payments and credits		
41. Balance due — attach remittance		
42. Overpayment — complete line 43	2,500	
43. Enter amount of overpayment you want: credited on 1969 ESTIMATED * $ 2,500	44. Refunded $	

* Apply credit against Wisconsin tax bill #A-2383 on file number 99-40723

UFT 3 6 0 2 3 1 7 8 .00

Page 2

Schedule A — COST OF GOODS SOLD (See Instruction 2)

1. Inventory at beginning of year (complete lines 9 and 10)	338,826
2. Merchandise purchased for manufacturing	-
3. Merchandise purchased for resale	11,013,900
4. Salaries and wages	-
5. Cost of manufacturing (submit schedule)	-
6. Total	11,352,726
7. Inventory at end of year	(464,304)
8. Cost of goods sold to line 2, page 1	10,888,422

9. Have you included Form 107 Yes ☐ No ☐ See General Instructions K-4

10. Has your method of inventory valuation changed? Yes ☐ No ☒ If yes, attach explanation.

Schedule B — DIVIDENDS (See Instruction 4)

Name of Declaring Corporation	Gross Dividends	Deductible Dividend Received
Gross dividend income to line 4, page 1	None	
Deductible dividends received to line 20, page 1		None

Schedule C — PROFITS (LOSSES) FROM DISPOSAL OF CAPITAL ASSETS (See Instruction 5)

Kind of Property	Situs Wis.	Situs Outside	Cost or Other Basis	Depreciation Allowed or Allowable	Net Tax Cost	Gross Sales Price less Expense of Sale	Profit (Loss)
Detailed records are maintained by taxpayer and are available for inspection							
Total to line 8, page 1							

Schedule D — ALL OTHER INCOME (See Instruction 6)

1. Interest from obligations of the United States and its instrumentalities*	
2. Interest from State and Municipal obligations	
3. Interest from securities (except amounts required on lines 1 and 2)	
4. All other interest	16,751
5. Rent	487,738
6. Royalties from tangible property	
7. Royalties from patents and intangible property	
8. Collections of accounts written off in previous years	
9. Tax refunds.	
State gasoline tax allowance	62,366
Other income	7,011
Total to line 6, page 1	573,866

*Interest from obligations of the United States and its instrumentalities is not taxable income for corporations subject to income tax. See introduction to instruction booklet.

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WT-4C-042
Wisconsin Department of Revenue

Please refer to page 5 of Instruction Booklet WT-IC-100

FORM 4A

NOTE: A copy of the balance sheet and related schedules submitted with your Form 1120 may be filed in lieu of Schedule J.

BALANCE SHEETS OF Humble Oil & Refining Company
Name of Corporation

Schedule J	December 31, 1966 or other income year ending (A) Amount	December 31, 1966 or other income year ending (B) Total	December 31, 1967 or other income year ending (C) Amount	December 31, 1967 or other income year ending (D) Total
ASSETS				
1. Cash				
2. Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3. Inventories				
4. Gov't obligations: (a) U.S. & instrumentalities				
(b) State, subdivisions thereof, etc.				
5. Other current assets (attach schedule)				
6. Loans to stockholders				
7. Mortgage and real estate loans				
8. Other investments (attach schedule)				
9. Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10. Depletable assets		Schedule J-1		
(a) Less accumulated depletion		Attached		
11. Land (net of any amortization)				
12. Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13. Other assets (attach schedule)				
14. Total assets				
LIABILITIES AND CAPITAL				
15. Accounts payable				
16. Mtges., notes, bonds payable in less than 1 yr.				
17. Other current liabilities (complete schedule J-1)				
18. Loans from stockholders				
19. Mtges., notes, bonds payable in 1 yr. or more				
20. Other liabilities (complete schedule J-2)				
21. Capital stock: (a) Preferred stock				
(b) Common stock				
22. Paid-in or capital surplus (attach reconciliation)				
23. Retained earnings—Appropriated (attach sch.)	(A)		(B)	
24. Retained earnings—Unappropriated				
25. Less cost of treasury stock		( )		( )
26. Total liabilities and capital				

(A) and (B)—See lines 1 and 14, Schedule K

Schedule J-1 Other Current Liabilities

Title of Account	Account Balance Beginning of Year	Account Balance End of Year
Accrued State Franchise or Income Tax		
Accrued Federal Income Tax		
Accrued Local Property Tax		
Total Other Current Liabilities (line 17)		

Schedule J-2 Other Liabilities

Title of Account	Account Balance Beginning of Year	Account Balance End of Year
(Contingent or Surplus Reserves)		
Total Other Liabilities (line 20)		

Schedule K — **ANALYSIS OF RETAINED EARNINGS**

1. Balance at beginning of income year (must agree with item (A), line 24, Schedule J)		2,458,032,331
Amounts credited to retained earnings:		
2. Book income (see line 1, Schedule L)	599,874,220	
3. Other credits to retained earnings (itemize)		
4.		
5.		
6.		
7.		
Subtotal		
Amounts debited to retained earnings:		
8. Cash dividends (a) Preferred ... (date paid ... 19...)		
(b) Common ... (date paid ... 19...)	370,000,000	
9. Stock dividends ... (date paid ... 19...)		
10. Other debits to retained earnings (itemize)		
11.		
12.		
13.		
14. Balance at end of income year (must agree with item (B), line 24, Schedule J)		2,687,906,551

Schedule L — **RECONCILIATION OF BOOK INCOME WITH NET INCOME**

1. Book income (must agree with line 2, Schedule K)	
Add adjustments to arrive at net income:	
2. Premiums paid on corporate life insurance policies	
3. Unallowable contributions	
4. Non-deductible portion of U. S. income taxes paid (line 6, Schedule X)	
5. Athletic and social club dues	
6.	
7.	
8. Schedule O Completed in Lieu of Schedule L	
9.	
10.	
11.	
12. Additions to surplus reserves charged against book income:	
(a) Wisconsin franchise and income tax	
(b) U. S. income tax	
(c)	
(d)	
(e)	
Subtotal	
Deduct adjustments to arrive at net income:	
13. Deductible dividends received (Schedule B)	
14. Non-taxable stock dividends received	
15. Net business loss offset (lines 28 and 29, page 1)	
16. Increase in cash value of life insurance	
17.	
18.	
19.	
20.	
21.	
22.	
23.	
24. Charges made on books against surplus reserves:	
(a) Wisconsin franchise and income tax	
(b) U. S. income tax	
(c)	
(d)	
(e)	
25. Net income (line 30, page 1, Form 4)	

3010

WT-IC-044
Wisconsin Department of Revenue

Form 4C

IMPORTANT — REFER TO GENERAL INSTRUCTION J OF INSTRUCTION BOOKLET WT-IC-100

Schedule N — 1967 SEPARATE ACCOUNTING DATA OF Humble Oil & Refining Company
Name of corporation

INCOME	1. Wisconsin	2. Outside	3. Total
Gross operating revenue	16,281,720	3,685,326,049	3,701,607,769
Cost of Goods Sold:			
Beginning Inventory	338,826	228,429,963	228,768,789
Purchases & Manufacturing Costs	11,013,900	2,579,665,883	2,590,679,783
Closing Inventory	(464,304)	(260,486,930)	(260,951,234)
Cost of Goods	10,888,422	2,547,608,916	2,558,497,338
Gross Profit	5,393,298	1,137,717,133	1,143,110,431
Deduct:			
Marketing Expense	6,942,297	406,259,576	413,201,873
Administrative Expense	116,666	44,785,741	44,902,407
Total	7,058,963	451,045,317	458,104,280
Total income (Loss) from Operations	(1,665,665)	686,671,815	685,006,151

EXPENSES	Basis of Allocation			
Net Operating Revenue:				
Royalties			163,444	163,444
Interest		16,751	2,998,178	3,014,929
Dividends			18,113,802	18,113,802
Rent Income		487,738	(487,738)*	
Other (Charges) & Credits				
Interest		(2,700)	(8,206,613)	(8,209,313)
Income Taxes			(101,331,781)	(101,331,781)
Other		62,225	3,054,763	3,116,988
Net Profit (Loss) Carried to Surplus		(1,101,651)	600,975,871	599,874,220
Total expenses				
Book Income				

*The rental income of Humble Oil & Refining Company outside Wisconsin has been netted against the Departmental Expenses. Since this is an item which can be clearly accounted for on a direct basis, we do not feel that it is necessary to go back and set out the "Outside Wisconsin" and the "Everywhere" amounts.

When Form 4C is used, Schedule O must be completed in place of Schedule L. The book income in column 3 must agree with line 2, Schedule K.

(over)

Schedule O RECONCILIATION OF BOOK INCOME WITH NET INCOME

	1. Wisconsin	2. Outside	3. Total
1. Book income (must agree with Schedule N) ....(Loss).....	(1,101,651)	600,975,871	599,874,220
Add adjustments to arrive at net income:			
2. Premiums paid on corporate life insurance policies			
3. Unallowable contributions			
4. Non-deductible portion of U. S. income taxes paid (line 6, Schedule X)			
5. Athletic and social club dues			
6. Depreciation not deductible	75,427		75,427
7.			
8.			
9.			
10.			
11.			
12. Additions to surplus reserves charged against book income:			
(a) Wisconsin franchise and income tax			
(b) U. S. income tax			
(c)			
(d)			
(e)			
Subtotal	(1,026,224)	*	599,949,647
Deduct adjustments to arrive at net income:			
13. Deductible dividends received (Schedule B)			
14. Non-taxable stock dividends received			
15. Net business loss offset (lines 28 and 29, page 1)			
16. Increase in cash value of life insurance			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24. Charges made on books against surplus reserves:			
(a) Wisconsin franchise and income tax			
(b) U. S. income tax			
(c)			
(d)			
(e)			
Subtotal			
25. Net income (line 30, page 1) .....(Loss).....	(1,026,224)		
26. Net income (Outside and Total)		600,975,871	599,949,647

27. Were any products or supplies transferred between Wisconsin branches and branches outside Wisconsin? Yes ☒ No ☐

If yes, insert the approximate amount of transfers into Wisconsin $ Not available at this time, and out of Wisconsin $ Not available at this time

and attach explanation of how transfer prices were determined.

28. Explain bases used to allocate expenses within and without Wisconsin Expenses deducted are actually incurred in Wisconsin with the exception of overhead which is allocated on the basis of sales.

* Detailed adjustments outside Wisconsin are not yet available and will not be until such time as the Federal return is completed. If such detail is required, please notify us and we will be glad to furnish it.

3011

HUMBLE OIL & REFINING COMPANY
1967 WISCONSIN STATE INCOME TAX
SCHEDULE Z

NAME	TOWN	VILLAGE	CITY	COUNTY	SALES	PROPERTY
DePere			X	Brown	$ 37,285	$ 36,066
Green Bay			X	Brown	407,694	394,361
Columbus			X	Columbia	18,398	17,797
Wisconsin Dells			X	Columbia	11,886	11,497
DeForest		X		Dane	90,201	87,251
Madison			X	Dane	556,835	538,624
Beaver Dam			X	Dodge	34,680	33,546
Clyman		X		Dodge	651	630
Watertown			X	Dodge	244,063	236,081
Sturgeon Bay			X	Door	17,910	17,324
Ripon			X	Fond du Lac	41,193	39,846
Waupun			X	Fond du Lac	42,007	40,633
Ft. Atkinson			X	Jefferson	1,303	1,260
Lake Mills			X	Jefferson	89,061	86,148
Kenosha			X	Kenosha	182,578	176,549
Tomahawk			X	Lincoln	20,189	19,529
Kiel			X	Manitowoc	23,934	23,151
Manitowoc			X	Manitowoc	67,244	65,045
Two Rivers			X	Manitowoc	27,679	26,774
Mosinee			X	Marathon	1,140	1,102
Schofield			X	Marathon	38,425	37,168
Wausau			X	Marathon	98,504	95,283
Bay Side		X		Milwaukee	42,658	41,263
Brown Deer		X		Milwaukee	74,896	72,446
Fox Point			X	Milwaukee	103,063	99,693
Glendale			X	Milwaukee	76,361	73,864
Greendale			X	Milwaukee	167,539	162,060
Greenfield			X	Milwaukee	49,822	48,193
Hales Corners		X		Milwaukee	283,628	274,352
Milwaukee			X	Milwaukee	7,891,098	7,633,018
Oak Creek			X	Milwaukee	236,248	228,521
South Milwaukee			X	Milwaukee	156,956	151,823
Wawwatosa			X	Milwaukee	154,676	149,618
West Allis			X	Milwaukee	106,645	103,157
Appleton			X	Outagamie	66,755	64,572
Kimberly		X		Outagamie	34,680	33,546
Little Chute	X			Outagamie	65,453	63,312
Belgium		X		Ozaukee	37,122	35,908
Cedarburg			X	Ozaukee	44,286	42,838
Mequon			X	Ozaukee	95,899	92,763
Pt. Washington			X	Ozaukee	79,129	76,541
Saukville	X			Ozaukee	97,039	93,865
Thiensville		X		Ozaukee	81,083	78,431

3012

Schedule Z

Page 2

NAME	TOWN	VILLAGE	CITY	COUNTY	SALES	PROPERTY
Almond		X		Portage	$ 8,792	$ 8,505
Amherst			X	Portage	3,256	3,150
Arnott		X		Portage	1,465	1,417
Custer		X		Portage	6,676	6,457
Nelsonville		X		Portage	2,279	2,205
Plover			X	Portage	47,543	45,988
Rosholt			X	Portage	4,885	4,725
Stevens Point			X	Portage	269,462	260,650
Burlington			X	Racine	169,107	163,634
Racine			X	Racine	598,353	578,784
Sturtevant			X	Racine	151,908	146,940
Waterford			X	Racine	50,636	48,980
Afton		X		Rock	31,912	30,868
Beloit			X	Rock	108,273	104,732
Edgerton			X	Rock	51,776	50,083
Janesville			X	Rock	69,360	67,092
Orfordville	X			Rock	8,141	7,875
So. Beloit	X			Rock	48,031	46,460
Franklin			X	Sheboygan	125,858	121,742
Sheboygan			X	Sheboygan	239,016	231,199
Sheboygan Falls			X	Sheboygan	12,211	11,812
Delavan			X	Walworth	68,058	65,832
Elk Horn		X		Walworth	58,126	56,225
Lake Geneva			X	Walworth	37,936	36,696
Germantown	X			Washington	36,308	35,121
West Bend			X	Washington	59,591	57,642
Brookfield			X	Waukesha	584,025	564,925
Butler		X		Waukesha	95,085	91,975
Delafield			X	Waukesha	106,320	102,842
Elm Grove		X		Waukesha	119,671	115,757
Lannon		X		Waukesha	57,963	56,067
Menomonee Falls		X		Waukesha	288,838	279,391
Muskego	X			Waukesha	47,868	46,303
New Berlin				Waukesha	138,720	134,183
Oconomowoc			X	Waukesha	10,746	10,394
Okauchee	X			Waukesha	26,214	25,356
Pewaukee		X		Waukesha	50,148	48,508
Waukesha			X	Waukesha	301,375	291,518
Menasha			X	Winnebago	977	945
Neenah			X	Winnebago	95,085	91,975
Oshkosh			X	Winnebago	51,450	49,768
Wisconsin Rapids	X			Wood	40,380	39,058
1/ GRAND TOTAL					$16,281,720	$15,749,228

CHECKED BY JTU COMPUTER

WT-IC-090

1967

3013

FORM 9X

File No. 99-112753

RECEIVED

MAR 4 1968

WIS. REVENUE
CORPORATION FRANCHISE
& INCOME TAX BUREAU

WISCONSIN

Corporation Annual Information Return

SUMMARY OF REPORTS OF SALARY, WAGE, INTEREST, DIVIDEND AND RENT PAYMENTS AND TRANSFERS OF CAPITAL STOCK

FOR THE CALENDAR YEAR 1967

Name	State of Incorporation
Humble Oil & Refining Company, Attention Sam Farrell	Delaware
Mailing Address Street and Number / City / State	Zip Code
P. O. Box 2180, Houston, Texas	77001

Indicate in the spaces below the total number of Forms 8 and 9b submitted:

	Filed with this report	Previously filed
FORMS 8		-
FORMS 9b	145	-

Have Forms WT-7 and WT-9 been submitted to The Wisconsin Department of Taxation, Post Office Box 34, Madison, Wisconsin 53701 in accordance with the Provisions of Sections 71.10(8m), 71.10(8n), and 71.20(4) of The Wisconsin Statutes?

Check one

YES ☒
NO ☐

If the above answer is yes, state the total number of Forms WT-9 filed (From line 1, Form WT-7)	1820
State the amount of Wisconsin income tax withheld as shown on all Forms WT-9 filed (From line 2, Form WT-7)	$ 88,179.15
Insert your Wisconsin employer identification number	32803

INSTRUCTIONS

Form 9X must be filed by all corporations regardless of whether it is necessary to file Forms 8 and 9b. The 1967 Form 9X is due by March 15, 1968. Forms 8 for 1967 are due by March 15, 1968. Forms 9b for 1967 are due either January 31, 1968, or March 15, 1968, according to the instructions on the back of the Form 9b.

Forms 8, 9b and 9X must be prepared on the basis of the calendar year even though your franchise or income tax return is filed on a fiscal year basis.

Only one Form 9X is required even though you may have a main office and one or more branch offices. Further instructions regarding the preparation and filing of Forms 8 and 9b are on the back of those forms.

I declare to the best of my knowledge and belief the Forms 8 submitted constitute a report of all stock transfers from Wisconsin residents, and the Forms 9b submitted constitute a true and complete statement of payments made and required to be reported by the corporation named at the head of this statement during the calendar year 1967.

W. Trent Turpin
(Signature)

W. TRENT TURPIN
TAX COMPLIANCE COORDINATOR
(Title of office held)

Date February 28, 1968

Mail Forms 8, and 9b with Form 9X to

WISCONSIN DEPARTMENT OF TAXATION
CORPORATION FRANCHISE AND INCOME TAX SECTION
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

IC-830

3014

State of Wisconsin \ DEPARTMENT OF REVENUE

CORPORATION FRANCHISE AND
INCOME TAX BUREAU
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

February 21, 1968

Re: 99-40723

Humble Oil & Refining Company
P. O. Box 2180
Houston, Texas 77001

Attention: R. F. Haidner, Jr.
In regard to:
Your letter of: February 16, 1968

We have received your request for an extension of time in which to file:

☒ A 1967 Wisconsin corporation franchise or income tax return, Form 4.

☐ A complete 1967 Wisconsin corporation franchise or income tax return, Form 4.

Tentative 1967 return filed? Yes ☐ No ☐

☐ A 1967 Inventory report Form 10.

An extension of time to April 15, 1968 is hereby granted for the filing of your return(s) as indicated.

TAX RETURN - FORM 4

The maximum extension permitted by Section 71.10(5) of the Wisconsin Statutes is 30 days, and your return will be considered timely filed if it is received on or before the date shown above. If no return is filed by that time the statutory $10.00 late filing fee will be assessed.

INVENTORY REPORT - FORM 10

This 30 day extension also applies to the Form 10, if such inventory report is required. A $10.00 late filing fee will be assessed if no Form 10 is filed prior to the extended due date listed above.

TAX PAYMENT

Any corporation franchise or income tax that is computed to be due on the complete return which was not paid by the original due date will be subject to extension interest at the rate of 5% per annum from the original due date to the end of the extension period, or the date of payment whichever is earlier. Any amount of tax computed to be due on the complete return that is not paid by the end of the extension period will be considered delinquent as of that date and will be subject to a 2% delinquent penalty and delinquent interest will be added at the rate of 1% per month from the date of delinquency until the date of payment.

ADDITIONAL TIME TO FILE THE COMPLETE FORM 4

If it is impossible to file a complete Form 4 within the extension period granted, a tentative return should be filed prior to the expiration of the extension period, and the complete return filed within 60 days after the close of the extension period. If the tentative return is filed within the extension period and the complete return is filed more than 60 days after the close of the extension period the 25% negligence penalty may be imposed unless it can be shown that the delayed filing was due to reasonable cause and not to negligence. Complete returns filed more than 60 days after the close of the extension period should contain a statement explaining the reason for the delayed filing.

NOTE: Enclose one copy of this notice with your return.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

IC-830

3015

State of Wisconsin \ DEPARTMENT OF REVENUE

CORPORATION FRANCHISE AND
INCOME TAX BUREAU
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

February 21, 1968

Re: 99-40723

Humble Oil & Refining Company
P. O. Box 2180
Houston, Texas 77001

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Your letter of: February 16, 1968

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ADDITIONAL TIME TO FILE THE COMPLETE FORM 4

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NOTE: Enclose one copy of this notice with your return.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

A. 686

3016

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
W. TRENT TURPIN
COORDINATOR
TAX COMPLIANCE

February 16, 1968

RECEIVED
FEB 20 1968
WIS. DEPT. OF REVENUE
CORPORATION FRANCHISE
& INCOME TAX BUREAU

CJH 11-7-67

99-40723
Ca2

Department of Taxation
State of Wisconsin
Madison, Wisconsin 53701

Gentlemen:

Since the corporate books of Humble Oil & Refining Company are not closed until a late date, and since the information to be gathered for the preparation of financial statements, once the books are closed, is so voluminous, it would be very difficult to properly prepare and file the Wisconsin Corporation Income Tax Return by March 15, 1968.

We gratefully acknowledge your cooperation in prior years and shall appreciate very much your favorable consideration of this request for an extension until April 15, 1968 for filing this return.

A tentative return will be filed if requested.

Yours very truly,

RF Heidner Jr.
R. F. Heidner, Jr.

RJS/mm

A. 687

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
W. TRENT TURPIN
COORDINATOR
TAX COMPLIANCE

February 21, 1967

RECEIVED
FEB 24 1967
WIS. DEPT. OF TAXATION
CORPORATION FRANCHISE
& INCOME TAX SECTION

99-4072233017
Chg
G.S

Department of Taxation
State of Wisconsin
Madison 2, Wisconsin

Gentlemen:

Since the corporate books of Humble Oil & Refining Company are not closed until a late date, and since the information to be gathered for the preparation of financial statements, once the books are closed, is so voluminous, it would be very difficult to properly prepare and file the Wisconsin Corporation Income Tax Return by March 15, 1967.

We gratefully acknowledge your cooperation in prior years and shall appreciate very much your favorable consideration of this request for an extension until April 15, 1967 for filing this return.

A tentative return will be filed if requested.

Yours very truly,

RF Heidner Jr.
R. F. Heidner, Jr.

TOF/ju

A. 688

5018

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
W. TRENT TURPIN
COORDINATOR
TAX COMPLIANCE

April 15, 1968

RECEIVED
APR 17 1968
WIS. DEPT. OF REVENUE
CORPORATION FRANCHISE
& INCOME TAX BUREAU

Wisconsin Department of Taxation
Corporation Franchise & Income Tax Section
Post Office Box 98
Madison, Wisconsin 53701

Gentlemen:

Enclosed is the 1967 Wisconsin Corporation Franchise Tax Return for Humble Oil & Refining Company, reflecting a loss of $1,026,224 from Wisconsin operations during the calendar year 1967.

Please credit the overpayment of declaration installments against Humble's liability on Wisconsin tax bill #A-2383, file number 99-40723, pursuant to Wisconsin Statutes §71.09(10).

We appreciate very much your cooperation in granting us an extension of time until April 15, 1968 within which to file the return.

Yours very truly,

R F Heidner Jr.

R. F. Heidner, Jr.

RJS/mm

Attachments

A. 689

3019

DECLARATION OF ESTIMATED TAX
(This Form To Be Filed At The Address Shown Below) **1967**

Form 4-ES

FILE NO. 99-40723 | Leave Blank

△ Corporation name: Humble Oil & Refining Company

△ Address: 800 Bell Avenue | City: Houston | State: Texas | Zip: 77002

△ ● THIS DECLARATION IS FOR: (Check One) ☒ Calendar year 1967, ☐ Fiscal year beginning ____ 19__ and ending ____ 19__

Leave Blank 4

1. Estimate of 1967 Wisconsin franchise or income tax ..... ● $ 2500
2. Enter ¼ of line 1, unless:
   This declaration is ☐ an amended declaration, ☐ a declaration for an income period of less than 12 months, or ☒ a declaration filed after the 15th day of the 3rd month of the income year. (Check proper box and refer to Instruction Booklet WT-IC-100 for the computation of the amount for line 2.) $ 2500
   Check here if 12 months and 15th day of 3rd month of income year or not yet filed ☐
3. Total Tax on complete 1966 Form 4 (Line 35) $ None
   Enter 1967 credit from complete 1966 Form 4 (Line 40) ..... $ -
4. If an amended declaration enter amount of 1967 installments previously paid ..... $ 2500
5. Deduct total credits to be applied on this installment (Total of lines 3 and 4) ..... $ 2500
6. Balance to be paid with this declaration (Line 2 less line 5) ..... $ None

Original declarations and 1st installments are due on or before the 15th day of the 3rd month of the income year; other types of declarations see Instruction Booklet WT-IC-100 for due dates.

I declare under the penalties of perjury that this declaration has been examined by me and to the best of my knowledge is a true, correct and complete declaration.

Signature R. F. Heidner Title Assistant Secretary Date April 14, 1967

MAKE CHECKS PAYABLE TO: Wisconsin Dept. of Taxation

Leave Blank 16 .00 #

Wisconsin Department of Taxation
Corp. Franchise and Income Tax Sec.
Post Office Box 98
Madison, Wisconsin 53701

10053 4/12/67

3019

FISCAL SUMMARY - CORPORATION DECLARATION FISCAL YEAR ENDING 1267

FILE NO. 9940723

NAME AND ADDRESS HUMBLE OIL & REFINING CO 800 BELL AVE HOUSTON TEX

DECLARATION AMT. CREDITS VAL.NO. VAL.CATE PAYMENTS

$	2,500.00	$	1CC53	4-16-67	
$		$	2,500.00	33427	5-20-67

TOTAL CREDITS 2,500.00 TOTAL PAYMENTS $ .00

TOTAL CREDITS AND PAYMENTS $ 2,500.00

3020

3021

Page 3

Schedule E — COMPENSATION OF OFFICERS (See Instruction 8)

Name	Resident of What State?	Official Title	Per cent of Stock Owned: Common	Per cent of Stock Owned: Preferred	Amount of Compensation
Subtotal					
Less amount claimed in Schedule A. Total to line 6, page 1					None

Schedule F — BAD DEBTS AND OTHER LOSSES (See Instruction 11)

Kind of Loss	Amount
Bad Debts charged off	80,319
Total to line 11, page 1	80,319

*Savings and Loan Associations, Mutual Savings Banks and Credit Unions, see instruction 11.

Schedule G — TAXES (See Instruction 13)

Kind of Tax	Date Paid: Month	Date Paid: Year	Amount
1. Wisconsin franchise and/or income:			
a. Paid in 1967 on 1967 income			
b. Paid in 1967 on 1966 income			
2. Real estate			360,250
3. [redacted] Permits			10,511
Federal and State			
Employer Taxes			148,136
Other			1,545
Subtotal			520,442
Less amount claimed in Schedule A. Total to line 13, page 1			- 520,442

Schedule H — DEPRECIATION (See Instruction 16)

Character of Property	Rate (%) or Life	Amount of Depreciation: 1967	Amount of Depreciation: Accumulated Depreciation Allowed in Prior Years	Analysis of Asset Account: Balance Beginning of Year	Analysis of Asset Account: Additions During Year	Analysis of Asset Account: Assets Written Off During Year	Analysis of Asset Account: Balance End of Year
			← Total additional first-year depreciation (do not include in items below)				
Buildings							
Furniture and Fixtures							
Transportation Equip.							
Machinery and other Equip.							
Other (Specify)							
Totals							
Less amount claimed in Schedule A. Amount to line 16, page 1							

Schedules supporting deductions are voluminous but are available for inspection.

1. Location of books and records for audit purposes: 800 Bell Avenue, Houston, Texas (Street and Number, City, State)
2. Method of filing — see General Instruction D. Cash ☐ Accrual ☒
3. (a) Principal Business Activity Marketing petroleum prods (b) Principal Product or Service petroleum products (See General Instruction C and complete Block D, Page 1.)
4. (a) Attach list of corporations in which you own, directly or indirectly, 50% or more of the outstanding voting stock.
   (b) Have the incomes of these affiliated corporations been included in this return? Yes ☐ No ☒
5. (a) Give the names of any corporations, individuals, partnerships, trusts or associations which own 50% or more of your outstanding voting stock. Standard Oil Company (New Jersey)
   (b) Have the incomes of any of these organizations been included in this return? Yes ☐ No ☒
6. Did you sell to, or buy from any individual or organization listed in items 4 or 5 above? Yes ☒ No ☐ If yes, insert approximate amount of such sales $ not available at this time, purchases $ not available at this time, and attach explanations of how transfer prices were determined.
7. If your corporation has been involved in any reorganization during the period covered by this return, attach a detailed explanation.
8. Insert: Your Wisconsin employer identification number 32803 (If none, write none) Your Wisconsin seller's permit number 39561 - various (If none, write none) Your Wisconsin use tax number 39561 (If none, write none)
9. Did you purchase any taxable tangible personal property for storage, use or consumption in Wisconsin without payment of a state sales or use tax? Yes ☐ No ☒ If yes, a 5% Wisconsin Use Tax must be paid with an appropriate sales or use tax return.

Page 4

Schedule I — OTHER ORDINARY AND NECESSARY EXPENSES

Kind of Expense	Amount
Casualty Losses	22,711
Travel, Trade and moving	66,635
Installation & Removal	61,677
Credit & Collection	85,325
Sales Promotion	159,560
Products Consumed	17,541
Postage & Stationery Supplies	96,842
Outside Transportation	137,789
Fuel, Light & Power	151,861
Telephone & Telegraph	49,369
Outside Services	73,843
Administrative Expenses	116,666
Area Expenses	407,232
Misc. Marketing Expenses	18,887
Commissions	1,150,219
Painting	78,046
Total to line 21, page 1	2,694,203

Schedule X — U. S. INCOME TAXES

1. Paid in 1967 on 1966 income	
2. Paid in 1967 on 1967 income	
3. Additional assessments paid in 1967 on incomes of prior years	
4. Total	
5. Amount deductible (limited to 10% of line 23, page 1 — to line 24, page 1)	
6. Non-deductible portion (line 4 minus line 5 — to line 4, Schedule L)	None

TAX RATE SCHEDULE (See Instruction F)

If the net income is:	The amount of franchise or income tax is:
Not over $1,000	2% of net income
Over $1,000 but not over $2,000	$ 20 plus 2 1/2% of excess over $1,000
Over $2,000 but not over $3,000	$ 45 plus 3 % of excess over $2,000
Over $3,000 but not over $4,000	$ 75 plus 4 % of excess over $3,000
Over $4,000 but not over $5,000	$115 plus 5 % of excess over $4,000
Over $5,000 but not over $6,000	$165 plus 6 % of excess over $5,000
Over $6,000	$225 plus 7 % of excess over $6,000

Corporations reporting in excess of $6,000.00 net income may use a short cut method of tax computation by multiplying their net income by 7% and subtracting $195.00.

Corporations which can reasonably expect to have a tax liability of $2,000.00 or more are required to file a declaration of estimated tax and to prepay such estimated liability. (See instruction H of The Instruction Booklet.)

Schedule Z — DISTRICTS FROM WHICH INCOME IS DERIVED

THIS SCHEDULE MUST BE COMPLETED BY ALL CORPORATIONS WHICH DERIVE THEIR INCOME FROM MORE THAN ONE MUNICIPALITY

"Enter the legal name of each municipality, checking the proper city, village or town block, and the name of the appropriate county in which a portion of your income was derived. If your operation in each of the various municipalities listed was an integral part of a unitary business, the amount of property (net value, but include inventory), cost of manufacturing, and sales attributable to each municipality must be inserted in the proper column. If any factor for a particular municipality is zero, insert "none" in the column.

If the operation in each of the various municipalities listed was not an integral part of a unitary business, and if the net profit in each location can be accurately determined in accordance with Section 71.07, such net profit figure for each municipality may be submitted in the last column in lieu of the data required in the preceding three columns.

DISTRICT					AMOUNT			
Name	Check one			County	Property	Cost of Manufacturing	Sales	Net Profit
	City	Vil.	Town					
				Schedule	Z-1 Attached			
Totals								

DECLARATION

We, the undersigned, president (or vice-president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, each for himself declares that this return (including any accompanying schedules and statements) has been personally examined by him and is, to the best of his knowledge and belief, a true and correct report of income under the provisions of Chapter 71 of the Wisconsin Statutes.

Signature	Vice President Title	April 15, 1968 Date
Signature	Assistant Treasurer Title	April 15, 1968 Date
Individual or firm signature of preparer	Address	Date

EXHIBIT 11-7D

3022

Tracy 713-221-6928 #11-7D Bob 713-221-6405 Ex 72 KC

WISCONSIN CORPORATION FRANCHISE OR INCOME TAX RETURN FORM 4

FOR STATE, COUNTY AND MUNICIPAL REVENUES

1968 Ex 11-7D KC

or other income year: Beginning 10-2-74 Ending

Due the 15th day of the third month following the close of the income year. Mail to: WISCONSIN DEPARTMENT OF REVENUE, Corporation Taxation Section, Post Office Box 98, Madison, Wisconsin 53701

LEAVE BLANK: File No. 79-407273; Type SA; Form 4-ES 4 & 5; Late Fee ☐ Inv. Report Fee ☐

A. Name		B. State of Incorporation	C. Year of Incorporation	D. Bus. Code No.
HUMBLE OIL & REFINING COMPANY 713-221-3636		Delaware	1959	1310
E. Mailing Address: Street and Number	City	State		Zip Code
800 Bell Avenue	Houston	Texas		77002

F. If all your income is derived from within one municipality, complete blocks G and H. If your income is derived from more than one municipality, complete Schedule Z, page 4. G. City ☐ Village ☐ or Town ☐ of H. County of — Leave Blank: AAAA73

INCOME	1. Gross receipts or gross sales, less returns and allowances	$ 16,117,975
	2. Cost of goods sold (Schedule A) or cost of operations (attach schedule)	11,109,026
	3. Gross profit	5,008,949
	4. Gross dividends (Schedule B) — FIELD AUDITED	69,640
	5. Profits (losses) from disposal of capital assets (Schedule C)	734,109
	6. All other income (Schedule D)	5,812,698
	7. Total income from all sources	
DEDUCTIONS	8. Compensation of officers (Schedule E)	1,451,174
	9. Wages and bonuses	325,271
	10. Repairs	147,545
	11. Bad debts and other losses (Schedule F)	633,831
	12. Rents	670,168
	13. Taxes (Schedule G)	2,011
	14. Interest	37,908
	15. Depletion and amortization (attach schedule)	565,843
	16. Depreciation (Schedule H)	337,767
	17. Advertising	
	18. Pension, profit sharing, stock bonus, annuity plans	
	19. Other employee benefit plans	
	20. Deductible dividends received (Schedule B)	2,560,755
	21. Other ordinary and necessary expenses (Schedule I)	6,732,273
	22. Total (lines 8 through 21)	(919,575) Loss
	23. Subtotal (line 7 minus line 22)	(919,575) Loss
	24. U. S. income taxes (not in excess of 10% of line 23) (Schedule X)	
	25. Subtotal	(919,575) Loss
	26. Contributions (not in excess of 5% of line 25) (attach schedule)	
	27. Subtotal	(919,575) Loss
	28. Unused 1966 net business loss offset	
	29. 1967 net business loss offset	
	30. Net income	(919,575) Loss

APR 1969 RECEIVED WIS. DEPT. OF REVENUE Corp. Income Tax Bureau

CHECKED BY JTU

ADDITIONAL TAX REFUND

☐ ☐ ☒ Income Adjust. $ 4,532,155.

D O F Years 1965 thru 1967

O F I Additional Tax $ 316,470.85

O F E 6% Interest to 1-15-72 $ 77,375.21

M I L Del. Int. to $

A C D $

G E Amount Due $ 393,846.06

E IC-703 (R. 1-71)

ITING ON THE APPORTIONMENT METHOD (Form 4B)

Form 4B — Leave Blank

TAX		
38. Total tax (see instruction F)	-0-	
39. Less: Declaration installments paid (Form 4-ES)	-0-	
40. Other payments and credits		
41. Balance due — attach remittance	-0-	
42. Overpayment — complete line 43		
43. Enter amount of overpayment you want: credited on 1969 estimated tax $ ____ 44. Refunded $ ____		

0 1 2 3 4 5 6 7

MTT 45148 APR 22 69 .00 $

Page 2

Schedule A — COST OF GOODS SOLD (See Instruction 2)

1. Inventory at beginning of year (complete lines 9 and 10)	$ 464,304
2. Merchandise purchased for manufacturing	
3. Merchandise purchased for resale	10,939,189
4. Salaries and wages	
5. Cost of manufacturing (submit schedule)	
6. Total	11,403,493
7. Inventory at end of year	(294,467)
8. Cost of goods sold to line 2, page 1	11,109,026

9. Have you included Form 107 Yes ☐ No ☐ See General Instructions K-4

10. Was you ...nd of inventory valuation changed? Yes ☐ No ☐ If yes, attach explanation.

CLEARED BY JTC CORPORATE

Schedule B — DIVIDENDS (See Instruction 4)

Name of Declaring Corporation	Gross Dividends	Deductible Dividend Received
Gross dividend income to line 4, page 1	NONE	
Deductible dividends received to line 28, page 1		NONE

Schedule C — PROFITS (LOSSES) FROM DISPOSAL OF CAPITAL ASSETS (See Instruction 5)

Kind of Property	Sites: We.	Sites: Out-side	Cost or Other Basis	Depreciation Allowed or Allowable	Net Tax Cost	Gross Sales Price less Expense of Sale	Profit (Loss)
DETAILED RECORDS ARE MAINTAINED BY TAXPAYER AND ARE AVAILABLE FOR INSPECTION							
Total to line 6, page 1							

Schedule D — ALL OTHER INCOME (See Instruction 6)

1. Interest from obligations of the United States and its instrumentalities*	
2. Interest from State and Municipal obligations	
3. Interest from securities (except amounts required on lines 1 and 2)	
4. All other interest	$ 19,770
5. Rent	453,411
6. Royalties from tangible property	
7. Royalties from patents and intangible property	
8. Collections of accounts written off in previous years	
9. Tax refunds... State Gasoline Tax Allowance	82,250
...Sale of Heating Oil Business	176,001
...Other Income	2,677
Total to line 6, page 1	$ 734,109

*Interest from obligations of the United States and its instrumentalities is not taxable income for corporations subject to income tax. See introduction to instruction booklet.

2 00. 8 2 1 4 8 W S S M

3023

IC-042
Wisconsin Department of Revenue

Please refer to page 5 of Instruction Booklet IC-100

FORM 4A

NOTE: A copy of the balance sheet and related schedules submitted with your Form 1120 may be filed in lieu of Schedule J.

BALANCE SHEETS OF HUMBLE OIL & REFINING COMPANY
Name of Corporation

Schedule J	December 31, 1967 or other income year ending: (A) Amount	(B) Total	December 31, 1968 or other income year ending: (C) Amount	(D) Total
ASSETS				
1. Cash				
2. Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3. Inventories				
4. Gov't obligations: (a) U.S. & instrumentalities				
(b) State, subdivisions thereof, etc.				
5. Other current assets (attach schedule)				
6. Loans to stockholders		SCHEDULE J-1 ATTACHED		
7. Mortgage and real estate loans				
8. Other investments (attach schedule)				
9. Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10. Depletable assets				
(a) Less accumulated depletion				
11. Land (net of any amortization)				
12. Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13. Other assets (attach schedule)				
14. Total assets				
LIABILITIES AND CAPITAL				
15. Accounts payable				
16. Mtges., notes, bonds payable in less than 1 yr.				
17. Other current liabilities (complete schedule J-1)				
18. Loans from stockholders				
19. Mtges., notes, bonds payable in 1 yr. or more				
20. Other liabilities (complete schedule J-2)				
21. Capital stock: (a) Preferred stock				
(b) Common stock	(A)		(B)	
22. Paid-in or capital surplus (attach reconciliation)				
23. Retained earnings—Appropriated (attach sch.)				
24. Retained earnings—Unappropriated				
25. Less cost of treasury stock		( )		( )
26. Total liabilities and capital				

(A) and (B)—See lines 1 and 14, Schedule K

Schedule J-1 Other Current Liabilities

Title of Account	Account Balance: Beginning of Year	Account Balance: End of Year
Accrued State Franchise or Income Tax		
Accrued Federal Income Tax		
Accrued Local Property Tax		
Total Other Current Liabilities (line 17)		

Schedule J-2 Other Liabilities

Title of Account	Account Balance: Beginning of Year	Account Balance: End of Year
(Contingent or Surplus Reserves)		
Total Other Liabilities (line 20)		

Schedule K — **ANALYSIS OF RETAINED EARNINGS**

1. Balance at beginning of income year (must agree with item (A), line 24, Schedule J)		2,687,906,551
Amounts credited to retained earnings:		
2. Book income (see line 1, Schedule L)	606,668,035	
3. Other credits to retained earnings (itemize)		
4.		
5.		
6.		
7.		606,668,035
Subtotal		3,294,574,586
Amounts debited to retained earnings:		
8. Cash dividends (a) Preferred ... (date paid ... 19...)		
(b) Common ... (date paid ... 19...)	390,000,000	
9. Stock dividends ... (date paid ... 19...)		
10. Other debits to retained earnings (itemize)		
11. ....Interperiod Tax Allocation Adjustment	151,285,000	
12. ....Amortization of unoperated acreage adjustment	87,400,000	
13.		628,685,000
14. Balance at end of income year (must agree with item (B), line 24, Schedule J)		2,665,889,586

Schedule L — **RECONCILIATION OF BOOK INCOME WITH NET INCOME**

1. Book income (must agree with line 2, Schedule K)		
Add adjustments to arrive at net income:		
2. Premiums paid on corporate life insurance policies		
3. Unallowable contributions		
4. Non-deductible portion of U. S. income taxes paid (line 6, Schedule X)		
5. Athletic and social club dues		
6.		
7.		
8.		
9.		
10. ....SCHEDULE O COMPLETED IN		
11. ....LIEU OF SCHEDULE H		
12. Additions to surplus reserves charged against book income:		
(a) Wisconsin franchise and income tax		
(b) U. S. income tax		
(c)		
(d)		
(e)		
Subtotal		
Deduct adjustments to arrive at net income:		
13. Deductible dividends received (Schedule B)		
14. Non-taxable stock dividends received		
15. Net business loss offset (lines 28 and 29, page 1)		
16. Increase in cash value of life insurance		
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24. Charges made on books against surplus reserves:		
(a) Wisconsin franchise and income tax		
(b) U. S. income tax		
(c)		
(d)		
(e)		
25. Net income (line 30, page 1, Form 4)		

3024

JC-044
Wisconsin Department of Revenue

Form 4C

IMPORTANT — REFER TO GENERAL INSTRUCTION J OF INSTRUCTION BOOKLET IC-100

Schedule N — 1968 SEPARATE ACCOUNTING DATA OF ... HUMBLE OIL & REFINING COMPANY
Name of corporation

INCOME	1. Wisconsin	2. Outside	3. Total
Gross Operating Revenue	$ 16,117,975	$ 3,956,148,379	$ 3,972,266,354
Cost of goods sold:			
Beginning Inventory	464,304	260,486,930	260,951,234
Purchases & Manufacturing Costs	10,939,189	2,737,337,735	2,748,276,924
Closing Inventory	(294,467)	(267,383,468)	(267,677,935)
Costs of Goods Sold	11,109,026	2,730,441,197	2,741,550,223
Gross Profit	5,008,949	1,225,707,182	1,230,716,131
Deduct:			
Marketing Expenses	6,416,946	409,339,715	415,756,661
Administrative Expenses	209,591	59,110,924	59,320,515
Total	6,626,537	468,450,639	475,077,176
Total income (Loss) From Operations	(1,617,588)	757,256,543	755,638,955
EXPENSES — Basis of Allocation			
Non-Operating Revenue:			
Royalties		76,989	76,989
Interest	19,770	3,764,131	3,783,901
Dividends		18,900,488	18,900,488
Rent Income	453,441	(453,441) *	
Other (Charges) & Credits			
Interest	(2,011)	(20,929,911)	(20,931,922)
Income Taxes	(167,674)	(151,682,016)	(151,849,690)
Other	315,555	733,759	1,049,314
Net Profit (Loss) Carried to Surplus	(998,507)	607,666,542	606,668,035
Total expenses			
Book income			

* The Rental income of Humble Oil & Refining Company outside Wisconsin has been netted against the Departmental Expenses. Since this is an item which can be clearly accounted for on a direct basis, we do not feel that it is necessary to go back and set out the "Outside Wisconsin" and the "Everywhere" amounts.

When Form 4C is used, Schedule O must be completed in place of Schedule L. The book income in column 3 must agree with line 2, Schedule K.

(over)

Schedule O RECONCILIATION OF BOOK INCOME WITH NET INCOME

	1. Wisconsin	2. Outside	3. Total
1. Book income (must agree with Schedule N)	$ (998,507)	$ 607,666,542	$ 606,668,035
Add adjustments to arrive at net income:			
2. Premiums paid on corporate life insurance policies			
3. Unallowable contributions			
4. Non-deductible portion of U. S. income taxes paid (line 6, Schedule X)			
5. Athletic and social club dues			
6 Depreciation Not Deductible	78,932		(78,932)
7.			
8.			
9.			
10.			
11.			
12. Additions to surplus reserves charged against book income:			
(a) Wisconsin franchise and income tax			
(b) U. S. income tax			
(c)			
(d)			
(e)			
Subtotal	$ (919,575)	*	$ 606,589,103
Deduct adjustments to arrive at net income:			
13. Deductible dividends received (Schedule B)			
14. Non-taxable stock dividends received			
15. Net business loss offset (lines 28 and 29, page 1)			
16. Increase in cash value of life insurance			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24. Charges made on books against surplus reserves:			
(a) Wisconsin franchise and income tax			
(b) U. S. income tax			
(c)			
(d)			
(e)			
Subtotal			
25. Net income (line 30, page 1) (Loss)	$ (919,575)		
26. Net income (Outside and Total)		$ 607,666,542	$ 606,589,103

CHECKED BY JTU COMPUTER

27. Were any products or supplies transferred between Wisconsin branches and branches outside Wisconsin? Yes [X] No [ ]

Not available Not available

If yes, insert the approximate amount of transfers into Wisconsin $ at this time and out of Wisconsin $ at this time

and attach explanation of how transfer prices were determined.

28. Explain bases used to allocate expenses within and without Wisconsin Expenses deducted are actually incurred in Wisconsin with the exception of overhead which is allocated on the basis of sales.

3625

HUMBLE OIL & REFINING COMPANY
800 BELL AVENUE, HOUSTON, TEXAS 77002

1968 WISCONSIN CORPORATION FRANCHISE OR INCOME TAX RETURN

Schedule J-1 - Comparative Balance Sheet

ASSETS	January 1, 1968	December 31, 1968
Cash	$ 52,633,353	$ 55,155,995
Notes and Accounts Receivable	$ 634,979,461	$ 664,951,123
Reserve	15,943,099	19,850,689
	619,036,362	645,100,434
Inventories	283,610,662	292,598,334
	$ 226,849,695	$ 286,708,236
Investments	3,272,096	2,796,221
	223,577,599	283,912,015
Contracts, Trademarks and Other Intangible Assets	$ 7,737,075	$ 7,229,598
Reserve	4,805,562	$ 5,121,757
	2,931,513	2,107,841
Fixed Assets	$5,869,578,562	$6,384,181,607
Reserves	2,632,968,493	2,778,976,854
	3,236,610,069	3,605,204,753
Special Deposits and Funds	$ 2,891,252	$ 3,470,563
Reserve	4,886	4,886
	2,886,366	3,465,677
Prepaid and Deferred Charges	33,311,075	35,838,827
TOTAL ASSETS	$4,454,596,999	$4,923,383,876

LIABILITIES AND CAPITAL		
Accounts Payable		$ 662,583,103
Bonds, Notes and Mortgages Payable	$ 346,535,293	23,509,659
Annuities Payable to Employees (Liability Determined by Actuarial Study)	41,250,694	31,433,019
	30,597,807	
Accrued Expenses:		
Government Income Taxes	$ 115,619,994	$ 142,837,146
Other Taxes, Interest, Insurance, Etc.	94,247,032	105,265,018
Salaries and Wages	13,144,378	11,136,330
Vacation Pay	21,152,384	22,140,657
	244,163,788	281,379,151
Deferred Credits	81,927,083	238,595,367
Other Liabilities	19,446,253	17,224,461
Capital Stock	773,604,647	773,604,647
Capital Surplus	229,164,883	229,164,883
Earned Surplus	2,687,906,551	2,665,889,586
TOTAL LIABILITIES AND CAPITAL	$4,454,596,999	$4,923,383,876

CHECKED BY JTU COMPUTER

3026

HUMBLE OIL & REFINING COMPANY
800 BELL AVENUE, HOUSTON, TEXAS 77002

A. Corporations of Which Taxpayer Owned Over 50 Percent of Voting Stock at December 31, 1968:

Name	Address	Percentage Owned	Date Acquired
Carter Oil Company, The	800 Bell Avenue, Houston, Texas 77002	100.00	1959
Esso, Incorporated	60 West 49th Street, New York, New York 10020	100.00	1959
Esso Production Research Company	3120 Buffalo Speedway, Houston, Texas 77006	100.00	1964
Friendswood Development Company	800 Bell Avenue, Houston, Texas 77002	100.00	1962
Caseteria Corporation	800 Bell Avenue, Houston, Texas 77002	100.00	1960
General Automatic, Inc.	900 First Nat'l Bank Bldg., Baltimore, Maryland 21203	100.00*	1960
Humble Communications Company	800 Bell Avenue, Houston, Texas 77002	100.00	1961
Humble Gas Transmission Company	1700 Commerce Bldg., New Orleans, Louisiana 70112	100.00	1962
Humble Leasing Company	800 Bell Avenue, Houston, Texas 77002	100.00	1966
Humble Pipe Line Company	800 Bell Avenue, Houston, Texas 77002	100.00	1961
Humble Transportation Company	800 Bell Avenue, Houston, Texas 77002	100.00	1968
Humble Travel Club, Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1964
Monterey Oil, Gas & Transmission Co.	821 Gravier Street, New Orleans, Louisiana 70160	100.00	1961
Oklahoma Oil Company	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Pate Oil Company	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Penola Oil Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Petroleum Casualty Company	800 Bell Avenue, Houston, Texas 77002	100.00	1960
Petroleum Heat and Power Company	800 Bell Avenue, Houston, Texas 77002	100.00	1964
Prince George Fuel Corporation, The	900 First Nat'l Bank Bldg., Baltimore, Maryland 21203	100.00*	1960
Red Bluff Development Company	800 Bell Avenue, Houston, Texas 77002	100.00	1962
Solar-Therm Corporation of America	800 Bell Avenue, Houston, Texas 77002	100.00	1965
Standard Oil Company, Inc.	800 Bell Avenue, Houston, Texas 77002	100.00	1960
			1960

*No Stock Issued

B. Corporation Owning 50 Percent or More of Taxpayer's Voting Stock:

Name	Address	Percentage Owned	Date Acquired
Standard Oil Company (New Jersey)	30 Rockefeller Plaza, New York, New York 10020	100.00	1959

3027

IC-830

State of Wisconsin \ DEPARTMENT OF REVENUE

INCOME, SALES AND EXCISE TAX DIVISION
CORPORATION TAXATION SECTION
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

February 26, 1969

Re: 99-40723

Humble Oil & Refining Company
P. O. Box 2180
Houston, Texas 77001

Attention: R. F. Haidner, Jr.
In regard to:
Your letter of: February 17, 1969

We have received your request for an extension of time in which to file:

☒ A 1968 Wisconsin corporation franchise or income tax return, Form 4.

☐ A complete 1968 Wisconsin corporation franchise or income tax return, Form 4.

Tentative 1968 return filed? Yes☐ No☐

☐ A 1968 Inventory report Form 10.

An extension of time to April 15, 1969 is hereby granted for the filing of your return (s) as indicated.

TAX RETURN - FORM 4

The maximum extension permitted by Section 71.10 (5) of the Wisconsin Statutes is 30 days, and your return will be considered timely filed if it is received on or before the date shown above. If no return is filed by that time the statutory $10.00 late filing fee will be assessed.

INVENTORY REPORT - FORM 10

This 30 day extension also applies to the Form 10, if such inventory report is required. A $10.00 late filing fee will be assessed if no Form 10 is filed prior to the extended due date listed above.

TAX PAYMENT

Any corporation franchise or income tax that is computed to be due on the complete return which was not paid by the original due date will be subject to extension interest at the rate of 5% per annum from the original due date to the end of the extension period, or the date of payment whichever is earlier. Any amount of tax computed to be due on the complete return that is not paid by the end of the extension period will be considered delinquent as of that date and will be subject to a 2% delinquent penalty and delinquent interest will be added at the rate of 1% per month from the date of delinquency until the date of payment.

ADDITIONAL TIME TO FILE THE COMPLETE FORM 4

If it is impossible to file a complete Form 4 within the extension period granted, a tentative return should be filed prior to the expiration of the extension period, and the complete return filed within 60 days after the close of the extension period. If the tentative return is filed within the extension period and the complete return is filed more than 60 days after the close of the extension period the 25% negligence penalty may be imposed unless it can be shown that the delayed filing was due to reasonable cause and not to negligence. Complete returns filed more than 60 days after the close of the extension period should contain a statement explaining the reason for the delayed filing.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

NOTE: Enclose one copy of this notice with your return.

3628

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
W. TRENT TURPIN
COORDINATOR
TAX COMPLIANCE
SAM FARRELL
SUPERVISOR
PRODUCTION TAXES
SALES AND USE TAXES

December 18, 1968

POST OFFICE BOX 2180

99-40723

RECEIVED
DEC 23 1968
WIS. DEPT. OF REVENUE
CORPORATION FRANCHISE
& INCOME TAX BUREAU

Info Letters
Extension

Wisconsin Department of Revenue
Corporation Taxation Section
P. O. Box 98
Madison, Wisconsin 53701

Gentlemen:

Because of the large number of tax returns, statements and reports that Humble Oil & Refining Company is required to file at the end of 1968, it is doubtful that we will be able to prepare Forms 9B and 9X, Information Returns, in time to remit them by the January 31, 1969 deadline.

The preparation of these forms cannot begin until 1968 payments have been recorded, which is usually a few weeks after the end of the year. Consequently, we should like to request an extension of time until March 15, 1969, in which to file Forms 9B and 9X. Your favorable reply will be greatly appreciated.

Very truly yours,

Sam Farrell
Sam Farrell

MAH/csb

3629

December 26, 1968

Re: 99-40723

Humble Oil & Refining Company
P. O. Box 2180
Houston, Texas 77001

ATTENTION: SAM FARRELL

Dear Sir:

We have received your request of December 18, 1968 for an extension of time in which to file your 1968 Wisconsin information returns Forms 9B and 9X.

The Wisconsin Statutes do not expressly grant this office authority to grant extensions of time for filing these reports.

However, if the required information returns, Forms 9B and 9X are received in this office by March 15, 1969 these reports shall be accepted as filed and no penalty shall be imposed.

By_____
Kenneth F. Kleinschmidt

KFK:emj

3030

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
W. TRENT TURPIN
COORDINATOR
TAX COMPLIANCE
R. F. HEIDNER, JR.
SUPERVISOR
INCOME AND FRANCHISE TAXES

POST OFFICE BOX 2180

February 17, 1969

99-40423
Col

Wisconsin Department of Revenue
Corporation Taxation Section
P. O. Box 98
Madison, Wisconsin 53701

Gentlemen:

This Company respectfully requests an extension to April 15, 1969 for filing the Wisconsin Corporation Franchise or Income Tax Return which is due March 15, 1969.

In order to properly file the return certain pertinent information must be obtained from regional and divisional offices and consolidated in this office. The information will not be available by the due date to file a complete return.

Your favorable consideration of this request will be greatly appreciated.

Yours very truly,

R F Heidner Jr

R. F. Heidner, Jr.

BTM/sm

IC-830

3031

State of Wisconsin \ DEPARTMENT OF REVENUE

INCOME, SALES AND EXCISE TAX DIVISION
CORPORATION TAXATION SECTION
POST OFFICE BOX 98
MADISON, WISCONSIN 53701

February 26, 1969

Re: 99-40723

Humble Oil & Refining Company
P. O. Box 2180
Houston, Texas 77001

Attention: R. F. Heidner, Jr.
In regard to:
Your letter of: February 17, 1969

We have received your request for an extension of time in which to file:

[X] A 1968 Wisconsin corporation franchise or income tax return, Form 4.

[ ] A complete 1968 Wisconsin corporation franchise or income tax return, Form 4.

Tentative 1968 return filed? Yes[ ] No[ ]

[ ] A 1968 Inventory report Form 10.

An extension of time to April 15, 1969 is hereby granted for the filing of your return (s) as indicated.

TAX RETURN - FORM 4

The maximum extension permitted by Section 71.10 (5) of the Wisconsin Statutes is 30 days, and your return will be considered timely filed if it is received on or before the date shown above. If no return is filed by that time the statutory $10.00 late filing fee will be assessed.

INVENTORY REPORT - FORM 10

This 30 day extension also applies to the Form 10, if such inventory report is required. A $10.00 late filing fee will be assessed if no Form 10 is filed prior to the extended due date listed above.

TAX PAYMENT

Any corporation franchise or income tax that is computed to be due on the complete return which was not paid by the original due date will be subject to extension interest at the rate of 5% per annum from the original due date to the end of the extension period, or the date of payment whichever is earlier. Any amount of tax computed to be due on the complete return that is not paid by the end of the extension period will be considered delinquent as of that date and will be subject to a 2% delinquent penalty and delinquent interest will be added at the rate of 1% per month from the date of delinquency until the date of payment.

ADDITIONAL TIME TO FILE THE COMPLETE FORM 4

If it is impossible to file a complete Form 4 within the extension period granted, a tentative return should be filed prior to the expiration of the extension period, and the complete return filed within 60 days after the close of the extension period. If the tentative return is filed within the extension period and the complete return is filed more than 60 days after the close of the extension period the 25% negligence penalty may be imposed unless it can be shown that the delayed filing was due to reasonable cause and not to negligence. Complete returns filed more than 60 days after the close of the extension period should contain a statement explaining the reason for the delayed filing.

By Kenneth F. Kleinschmidt
Kenneth F. Kleinschmidt

NOTE: Enclose one copy of this notice with your return.

A. 706

45 wis-70

30.32

HUMBLE OIL & REFINING COMPANY

HOUSTON, TEXAS 77001

TAX DEPARTMENT
W. TRENT TURPIN
COORDINATOR
TAX COMPLIANCE
TROY W. BEHRINGER
SUPERVISOR
INCOME AND FRANCHISE TAXES

POST OFFICE BOX 2180

April 15, 1969

221-6988

Wisconsin Department of Taxation
Corporation Franchise & Income Section
P. O. Box 98
Madison, Wisconsin 53701

Gentlemen:

Enclosed is Humble Oil & Refining Company's 1968 Wisconsin Corporation Franchise or Income Tax Return, reflecting a net loss of $919,575 from Wisconsin operations during the calendar year 1968. Also enclosed is your letter granting us an extension of time until April 15, 1969, within which to file the return. We appreciate very much your cooperation in granting us this extension of time to file our final return.

Yours very truly,

Troy Behringer

Troy Behringer

Called 10-24-69

RET/est

Enclosures

Sheraton Kimball
Hotel Hamilton
Sandy Fiddle

Start Feb 2, 1970

A. 707

3033

79-40723

Humble Oil & Refining Co.
WISCONSIN DEPARTMENT OF TAXATION
OFFICE OF
SUPERVISOR OF ASSESSMENTS
Room 580 STATE OFFICE BUILDING
819 N. 6th Street
Milwaukee, Wisconsin 53203
PHONE: 224-4455

Please Return This Letter As Soon As Possible

Sales Card No. R 1125 Milwaukee, Wis., AUG 2 6 1968

Kenneth E. Monroe
7232 - 50th Avenue
Kenosha, Wisconsin 53140

SECOND REQUEST

WE BELIEVE THE MOST VALID INFORMATION CAN BE OBTAINED FROM THE PARTIES BUYING OR SELLING THE PROPERTY LISTED.

WITHOUT YOUR ASSISTANCE WE ARE REQUIRED TO OBTAIN THE INFORMATION FROM OTHER SOURCES WHICH MAY NOT BE AS ACCURATE AND ALSO MORE EXPENSIVE

YOUR COOPERATION WILL BE APPRECIATED.

YOURS VERY TRULY,
ROBERT E. WOOD, SUPV. OF ASSMT.

The records in the office of the Register of Deeds of the County of Racine show that you bought / ~~xxxxxx~~ certain property from / ~~xx~~ Humble Oil & Refining Co. as follows:

Douglas Ave. Park Addn.
Lot 8
Pt of SE¼ Sec 5-3-23

Which is triangular piece of land directly S of Douglas Ave Park Addn - bounded on E by Charles St. & W By Douglas Ave.

The Wisconsin Department of Taxation, under Section 68.04, is charged with the duty of collecting statistics of recorded sales of real estate, and under Section 73.03 (8), has the power to require individuals, partnerships, associations and corporations to furnish information concerning their capital, funded or other debt, current assets and facts which may be needful to enable the department to ascertain the value and the relative burdens borne by all kinds of property in the state.

One of the principal duties in this connection is the determination of the full value of the property of the state and the respective counties thereof. Your cooperation in supplying the information listed below will be of material assistance to us in equalizing the distribution of State and County Taxes.

WISCONSIN DEPARTMENT OF TAXATION.

1. Was it an actual Sale? ~ Year of Sale? 68 Total Selling Price? 25,000.00
2. If not a sale, was it a trade? ____ Address of property traded ____ Value of property traded $ ____
   If not a sale nor a trade, was it a Gift? ____ Inheritance? ____ Collateral? ____
3. If above price included personal property, what was its value? No
4. Are buyer and seller related? No If so, what relation? ____
5. Was this transaction made to avoid a Foreclosure? No To Correct Title? No
6. Was this a Land Contract? No Land Contract ran from ____ YEAR to ____ YEAR
7. Was the property conveyed Farm? No Residential? No Mercantile? Yes
   Manufacturing? ____ Lake Shore? ____ Other? ____
8. If Farm property, how many acres tillable land? ____ Pasture? ____ Wood? ____
   Marsh? ____ Other? ____

8/24/68 (DATE) Principal Richards (SIGN HERE)

Additional information may be given on back of this sheet.

To: Joe Items Section — From: Donald J. Mogenson

The Sales & Use tax returns of

Humble Oil & Refining Company

for the period 1965 to 1968

have been examined in field audit.

It has been recommended by the auditor that the returns covered in this examination be accepted as filed. The taxpayer has been notified of the auditor's recommendation and no adjustments have been made to the returns indicated above.

A. 708

3034

Audited

To: Joe Items Section — From: Donald J. Mogenson

The Withholding tax returns of

Humble Oil & Refining Company

for the period 1965 to 1968

have been examined in field audit.

It has been recommended by the auditor that the returns covered in this examination be accepted as filed. The taxpayer has been notified of the auditor's recommendation and no adjustments have been made to the returns indicated above.

A. 709

3035

Audited

A. 710

3036

FIELD AUDIT CHANGE & DISPOSITION REPORT
(Instructions for the use of this form are given in AD 545 1.1)

I. AUDITOR'S REPORT

(1) Taxpayer's Name: Humble Oil & Refining Co.
(2) Identification Number: 99-40723
(3) Auditor's Number: 518
(4) Tax District: APPN-00
(5) Occupation Code: 1310
(6) Number of Years: 4 Audited; 4 Assessed
(7) Type of Tax: 1. Income; 2. Gift; (3) Corporation Franchise/Income; 4. Sales/Use; 5. Withholding
(8) Source: 1. Central Audit; 2. Central Compliance; 3. District Office; 4. Fiduciary/Gift; 5. Refund Request; 6. Federal Abstract; 7. Non-filer; (8) Corporation; 9. Self-initiated; _____ Special Project
(9) Average Reported Wisconsin Total Income for Years Audited: (1) Under $2,000; 2. $ 2,000 - $ 4,999; 3. $ 5,000 - $ 6,999; 4. $ 7,000 - $ 8,999; 5. $ 9,000 - $10,999; 6. $11,000 - $12,999; 7. $13,000 - $14,999; 8. $15,000 - $19,999; 9. Over $20,000
(10) Kind: 1. Individual; 2. Partnership; (3) Corporation; 4. Estate; 5. Trust
(11) Method: (1) Specific; 2. Net Worth; 3. Bank Deposit; 4. Doomage; 5. Other

II. AUDITOR'S ADJUSTMENTS

Business, Profession, or Farm Income: 01 Gross sales; 02 Merchandise purchased; 03 Inventories; 04 Salaries, wages, and labor; 05 Materials and supplies; 06 Depreciation; 07 Taxes; 08 Rent expense; 09 Repairs expense - capitalized; 10 Insurance expense; 11 Legal and professional fees; 12 Commissions expense; 13 Retirement plan; 14 Interest expense; 15 Bad debts; 16 Travel; 17 Advertising; 18 Dues

Wages and Other Income: 20 Wages, salaries, and tips; 21 Interest income; 22 Dividend income; 23 Pensions and annuities; 24 Partnership; 25 Estate or trust; 26 Rent income; 27 Commissions; 28 Sale or exchange of property

Itemized Deductions: 30 Business expense (Employee); 31 Medical/Dental expense; 32 Contributions; 33 Tax deductions; 34 Interest expense; 35 Misc. itemized deductions

Miscellaneous: 40 Capital gains deduction; 41 Out-of-state income or loss; 42 Allocation between husband/wife; 43 Capital loss carry over; 44 Operating or business loss; 45 Other add modifications; 46 Other subtract modifications; 47 Transitional adjustments; 48 Withholding or declaration credit; 49 Personal exemptions; 51 Change method of accounting

Sales Tax: 60 Gross receipts; 61 Non-taxable sales; 62 Sales for resale; 63 Ex-tax purchase subject to use tax; 64 Sales outside Wisconsin

Corporation Tax: 70 Non-apportionable income; 71 Apport. factor: Sales; 72 Apport. factor: Manufacturing; 73 Apport. factor: Property; (74) Separate acctg. to apport.; 75 Apport. to separate acctg.; 76 Apport.: Wrong divisor used; 77 Substitute new apport. factors; 78 Deconsolidation

III. CHIEF AUDITOR'S REPORT

(1) Assessment Date: 0671
(2) Audit Days: 32
(3) Income Changed: 4532155
(4) Action: (1) Assessment; 2 Refund; 3 No change; 4 Refund reduced
(5) Assessment Notice:
Tax 316471
Interest
25% Penalty
Fraud Penalty
Total 316471

IV. DISPOSITION REPORT
(complete in red pen/pencil)

(1) Disposition Date: 1271
(2) Additional Audit Days:
(3) Disposition: 1 Paid or refunded per notice; (2) Appealed - Denied; 3 Appealed - Granted; 4 Appealed - Granted in part
(4) Disposition Amount:
Tax 316,471.
Interest 77,375.
25% Penalty
Fraud Penalty
Total 393,846.
(5) Years Finally Assessed 4

RECEIVED
MAY 4 1971
WIS. DEPT. OF REVENUE
CORPORATION FRANCHISE
& INCOME TAX BUREAU

A-718 (R. 2-69) 3036

A. 711

3037

AGREEMENT EXTENDING PERIOD FOR ASSESSMENT AND CORRECTION OF ASSESSMENT

Pursuant to the provisions of Section 71.11 (21) (d) of the Wisconsin Statutes:

IT IS HEREBY AGREED by and between Humble Oil & Refining Company, a Delaware corporation, and the Wisconsin Department of Revenue that the periods provided for in Section 71.11 (21) of the Wisconsin Statutes, within which the Wisconsin Department of Revenue may give notice of additional assessment or correction of assessment of the ~~[illegible]~~ franchise tax payment of Humble Oil & Refining Company for the fiscal (or calendar) year January 1, 1965 to December 31, 1965, both inclusive, are hereby extended to and including December 31, 1970.

IN WITNESS WHEREOF the parties hereto have voluntarily caused this agreement to be executed by their duly authorized officers and/or representatives this 25th day of February, 1970.

HUMBLE OIL & REFINING COMPANY

By _____
Vice-President

By _____
Assistant Secretary

(Corporate Seal)

WISCONSIN DEPARTMENT OF REVENUE

By _____
C. J. Hoel, Chief
Corporation Taxation Section

IC-218

A. 712

3038

March 3, 1970

Re: 99-40723

Humble Oil & Refining Co.
800 Bell Avenue
Houston, Texas

ATTENTION: TROY BERINGHER,
TAX DEPARTMENT

Gentlemen:

Enclosed is the executed copy of an agreement extending to December 31, 1970 the period of time within which we may correct your franchise tax assessment for the year 1965.

Thank you for your cooperation in this matter.

By_____
Ronald J. Mogensen, Audit Reviewer

RJM:jsk

Enclosure

cc: Mr. Thomas J. Sheridan

A. 713

3039

AGREEMENT EXTENDING PERIOD FOR ASSESSMENT AND CORRECTION OF ASSESSMENT

Pursuant to the provisions of Section 71.11 (21) (d) of the Wisconsin Statutes:

IT IS HEREBY AGREED by and between HUMBLE OIL & REFINING COMPANY, a Delaware corporation, and the Wisconsin Department of Revenue that the periods provided for in Section 71.11 (21) of the Wisconsin Statutes, within which the Wisconsin Department of Revenue may give notice of additional assessment or correction of assessment of the income and/or franchise tax payment of HUMBLE OIL & REFINING COMPANY for the fiscal (or calendar) year January 1, 1965 to December 31, 1966, both inclusive, are hereby extended to and including June 30, 1971.

IN WITNESS WHEREOF the parties hereto have voluntarily caused this agreement to be executed by their duly authorized officers and/or representatives this 20th day of November, 1970.

HUMBLE OIL & REFINING COMPANY

By _____
Vice President

By _____
Assistant Secretary or Treasurer

JWB

(Corporate Seal)

WISCONSIN DEPARTMENT OF REVENUE

By _____
C. J. Hoel, Chief
Corporation Taxation Section

IC-218

3040

December 3, 1970

Re: 99-40723

Humble Oil & Refining Co.
Post Office Box 2180
Houston, Texas 77001

ATTENTION: MR. TROY W. BEHRINGER,
SUPERVISOR INCOME AND FRANCHISE TAXES

Gentlemen:

Enclosed is the executed copy of an agreement further extending to June 30, 1971 the period of time within which we may correct your franchise tax assessments for the years 1965 and 1966.

Thank you for your continued cooperation in this matter.

By
Ronald J. Mogensen, Audit Reviewer

RJM:jak

Enclosure

cc: Mr. Thomas J. Sheridan

3041

VIA AIR MAIL

U.S. POSTAGE
HOUSTON TEX
JUL 27 71
67¢

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
22969

Department of Taxation
Corporation Taxation Section
State of Wisconsin
P. O. Box 98
Madison, Wisconsin 53701

HUMBLE OIL & REFINING COMPANY
P. O. BOX 2180
HOUSTON, TEXAS 77001

7/30/71

3042

August 18, 1971

Re: 99-40723

Humble Oil & Refining Company
Post Office Box 2180
Houston, Texas 77001

ATTENTION: ROGER BONNEY
Chief Tax Attorney

Gentlemen:

Receipt is acknowledged of the application for abatement filed in this office on July 26, 1971 in regard to our notice of additional assessment dated June 25, 1971. You will be notified within the near future of an informal conference date in regard to this matter.

By _____
Conrad A. Oleson, Conferee

CAO:kml

cc: Mr. Thomas J. Sheridan

3043

HUMBLE OIL & REFINING COMPANY
POST OFFICE BOX 2180 • HOUSTON, TEXAS 77001

TAX DEPARTMENT

ROGER BONNEY
CHIEF TAX ATTORNEY

RICHARD H. ADAMS
NEVILLE C. FITCH
JOHN J. HOLLIS
R. BRUCE MARSH
D. DANIEL PORRAS
ROBERT G. STANDLEE
H. C. TANNEHILL
ATTORNEYS

October 8, 1971

RECEIVED
OCT 12 1971
WIS. DEPT. OF REVENUE
CORPORATION FRANCHISE
& INCOME TAX BUREAU

Department of Revenue
State of Wisconsin
Madison, Wisconsin

Attention: Mr. C. J. Hoel

Re: 99-40723
Humble Oil & Refining Company

Gentlemen:

This is to advise you that October 26, 1971, is acceptable as the date for an informal conference on the above-captioned matter.

Yours very truly,

John J. Hollis

JJH:bmd

3044

Page 3

Schedule E — COMPENSATION OF OFFICERS (See Instruction 8)

Name	Resident of What State?	Official Title	Per cent of Stock Owned Common	Per cent of Stock Owned Preferred	Amount of Compensation
Subtotal					
Less amount claimed in Schedule A					
Total to line 8, page 1					

Schedule F — BAD DEBTS AND OTHER LOSSES* (See Instruction 11)

Kind of Loss	Amount
Bad Debts Charged Off	$ 147,545
Total to line 11, page 1	147,545

*Savings and Loan Associations, Mutual Savings Banks, Production Credit Associations and Credit Unions, see instruction 11.

Schedule G — TAXES (See Instruction 13)

Kind of Tax	Date Paid Month	Date Paid Year	Amount
1. Wisconsin franchise and/or income: a. Paid in 1968 on 1967 income (60-64)	3	68	$ 167,674
b. Paid in 1968 on 1967 income			
2. Real estate			367,101
3. ~~Xxxxxxxxxx~~ Permits			6,490
Federal & State			
Employer Taxes			127,441
Other			1,462
Subtotal			670,168
Less amount claimed in Schedule A			
Total to line 13, page 1			670,168

Schedule H — DEPRECIATION (See Instruction 18)

Character of Property	Rate (%) or Life	Amount of Depreciation 1968	Amount of Depreciation Accumulated Depreciation Allowed in Prior Years	Analysis of Asset Account Balance Beginning of Year	Additions During Year	Assets Written Off During Year	Balance End of Year
			← Total additional first-year depreciation (do not include in items below)				
Buildings							
Furniture and Fixtures							
Transportation Equip.							
Machinery and other Equip.							
Other (Specify)							
Totals							
Less amount claimed in Schedule A — Amount to line 18, page 1							

SCHEDULES SUPPORTING DEDUCTIONS ARE VOLUMINOUS BUT ARE AVAILABLE FOR INSPECTION

1. Location of books and records for audit purposes: 800 Bell Avenue (Street and Number) Houston (City) Texas (State)
2. Method of filing — see General Instruction D. Cash ☐ Accrual ☒
3. (a) Principal Business Activity Marketing Petroleum Prods. (b) Principal Product or Service Petroleum Products (See General Instruction C and complete Block D, Page 1.)
4. (a) Attach list of corporations in which you own, directly or indirectly, 50% or more of the outstanding voting stock.
   (b) Have the incomes of these affiliated corporations been included in this return? Yes ☐ No ☒
5. (a) Give the names of any corporations, individuals, partnerships, trusts or associations which own 50% or more of your outstanding voting stock Standard Oil Company (New Jersey)
   (b) Have the incomes of any of these organizations been included in this return? Yes ☐ No ☒
6. Did you sell to, or buy from, any individual or organization listed in items 4 or 5 above? Yes ☒ No ☐ If yes, insert approximate amount of such sales Not available at this time, purchases Not available at this time, and attach explanations of how transfer prices were determined.
7. If your corporation has been involved in any reorganization during the period covered by this return, attach a detailed explanation.
8. Insert: Your Wisconsin employer identification number 32803 (If none, write none) Your Wisconsin seller's permit number 39561-various (If none, write none) Your FEIN number 39561
9. Did you purchase any taxable tangible personal property for storage, use or consumption in Wisconsin without payment of a state sales or use tax? Yes ☐ No ☒ If yes, a 3% Wisconsin Use Tax must be paid with an appropriate sales or use tax return.

Page 4

Schedule I — OTHER ORDINARY AND NECESSARY EXPENSES

Kind of Expense	Amount
Casualty Losses	$ 21,549
Travel, Trade & Moving	75,110
Installation & Removal	48,188
Credits & Collection	101,944
Sales Promotion	127,031
Products Consumed	3,318
Postage & Stationery Supplies	70,578
Outside Transportation	10,737
Fuel, Light & Power	132,094
Telephone & Telegraph	40,677
Outside Services	71,033
Administrative Expenses	209,591
Area Expenses	531,778
Misc. Marketing Expenses	40,541
Commissions	1,025,300
Painting	50,826
Appraisals	460
Total to line 21, page 1	2,560,755.

Schedule X — U. S. INCOME TAXES

1. Paid in 1968 on 1967 income	
2. Paid in 1968 on 1968 income	
3. Additional assessments paid in 1968 on incomes of prior years	
4. Total	
5. Amount deductible (limited to 10% of line 23, page 1 — to line 24, page 1)	NONE
6. Non-deductible portion (line 4 minus line 5 — to line 4, Schedule L)	NONE

TAX RATE SCHEDULE (See Instruction F)

If the net income is:	The amount of franchise or income tax is:
Not over $1,000	2% of net income
Over $1,000 but not over $2,000	$ 20 plus 2 1/2% of excess over $1,000
Over $2,000 but not over $3,000	$ 45 plus 3 % of excess over $2,000
Over $3,000 but not over $4,000	$ 75 plus 4 % of excess over $3,000
Over $4,000 but not over $5,000	$115 plus 5 % of excess over $4,000
Over $5,000 but not over $6,000	$165 plus 6 % of excess over $5,000
Over $6,000	$225 plus 7 % of excess over $6,000

Corporations reporting in excess of $5,000.00 net income may use a short cut method of tax computation by multiplying their net income by 7% and subtracting $195.00.

Corporations which can reasonably expect to have a tax liability of $2,000.00 or more are required to file a declaration of estimated tax and to prepay such estimated liability. (See instruction H of The Instruction Booklet.)

Schedule Z — DISTRICTS FROM WHICH INCOME IS DERIVED

THIS SCHEDULE MUST BE COMPLETED BY ALL CORPORATIONS WHICH DERIVE THEIR INCOME FROM MORE THAN ONE MUNICIPALITY

Enter the legal name of each municipality, checking the proper city, village or town block, and the name of the appropriate county in which a portion of your income was derived. If your operation in each of the various municipalities listed was an integral part of a unitary business, the amount of property (net value, but include inventory), cost of manufacturing, and sales attributable to each municipality must be inserted in the proper column. If any factor for a particular municipality is zero, insert "none" in the column.

If the operation in each of the various municipalities listed was not an integral part of a unitary business, and if the net profit in each location can be accurately determined in accordance with Section 71.07, such net profit figure for each municipality may be submitted in the last column in lieu of the data required in the preceding three columns.

DISTRICT Name	Check one City	Vil.	Town	County	AMOUNT Property	Cost of Manufacturing	Sales	Net Profit
Totals								

DECLARATION

I, the undersigned president, vice president, treasurer, assistant treasurer, chief accounting officer or other duly authorized officer of the corporation for which this return was made, have personally examined this return, (including any accompanying schedules and statements) and declare that it is to the best of my knowledge and belief, a true and correct report of income under the provisions of Chapter 71 of the Wisconsin Statutes.

R. F. Lundaen — Signature

Assistant Secretary — Title

APR 15 1969 — Date

Individual or firm signature of preparer — Address — Date

EXHIBIT 11-11

Ex. 11 KC

AUDITING OIL COMPANIES

KURT KASPAR, JR.
RALPH PAUL

The oil industry as we know it today did not develop until the twentieth century, even though the first well in the United States was drilled in 1859. In a relatively short span of time it has grown into one of the world's largest industries, and its products have become the life blood of our complex industrial world.

The activities of major fully integrated oil companies are many and varied. The operations of these companies range from the search for likely crude oil and natural gas producing areas to the ultimate marketing of products developed from the oil and gas found in such areas. Between these extremes the following activities are necessary: The obtaining of drilling and producing rights, production of crude oil and natural gas, transportation and storage, refining of crude oil into its many components or the drying of gas too wet to sell in its natural state, and pipeline systems for the movement of finished products throughout the country.

Although each of the above activities is very different from the others, it may be stated that, in general, the major oil companies do not separate these activities along corporate lines, but rather by departments, each of which is headed by a vice-president. In some cases, however, the exploration and producing activities are incorporated separately from the storage, refining and marketing operations. Separation at this point is convenient and practical because of the readily determinable market price of crude oil at the well-head; that is, at the point where crude oil first reaches the surface of the earth. All crude oil produced in an area has a value equal to the "posted field price", which is the announced price currently paid by purchasers at the well-head in a specified production area. These posted field prices are circulated by all large buyers

and are bona fide competitive prices, not subject to manipulation or rigging and are effectively policed by state regulatory agencies. The posted field price controls what a company receives for its own production sold to others as well as what it pays for production bought from others. This is true even where it buys crude oil and resells it to others rather than using it in its own refineries. Crude oil sold at a point elsewhere than at the producing premises is sold at the posted field price plus transportation.

A typical fully integrated oil company will have the following departments: Exploration and Production Department, Oil Trading Department, Manufacturing Department, Marketing Department and the Administrative Department. The names of these departments, of course, vary somewhat from company to company and some companies departmentalize to an even greater extent. The Skelly Oil Company, for instance, has six operating departments and four administrative departments. The operating departments are known as: Geology and Geophysics, Land and Leases, Oil and Gas Production, Manufacturing, Marketing, and Pipeline Departments. The administrative departments are Accounting, Purchasing, Law and Secretary-Treasurer. Skelly has broken down the exploration and producing activity into three departments, i.e. Geology and Geophysics, Land and Leases, and Oil and Gas Production. The marketing activity has been divided into Marketing and Pipeline Departments. The administrative functions have been separated into four subunits. For the purpose of this paper, we will assume an integrated oil company has the five basic departments mentioned in the first sentence of this paragraph.

In order to provide background for the later discussion of Wisconsin income/franchise tax problems, a brief review of the activities of each department follows.

The Exploration and Production Department, as its name implies, is concerned with the finding and production of crude oil and natural gas. Geologists, geophysi-

cists and oil scouts (or spys) are continually involved in the search for new reserves of oil and gas. While tremendous scientific advances have been made, there is still only one way to determine the existence of oil in a particular area, and that is to drill for it. Exploratory wells, or wildcats as they are called, have about a one-out-of-nine chance of being productive and, we are told, about a one-in-forty chance of being a commercial success. Since oil and gas reserves close to the surface of the earth are now fairly well depleted, oil companies are finding it necessary to drill to depths greater than 20,000 feet and to drill into the floor of the ocean, many miles from dryland. Consequently, the cost per well is very often far in excess of one million dollars. In most cases, wells are drilled for the principal purpose of finding crude oil. When oil is found, natural gas is often found with it or, very often, only natural gas is found. One of the major accounting problems in the industry is to devise an acceptable method of allocating costs between crude oil and natural gas. For tax purposes we assign the same amount of profit per sales dollar to natural gas as to crude oil.

When a company decides to acquire leases in likely productive areas, outside lease brokers are usually engaged on a commission basis. As a rule the brokers obtain leases in their own names or those of nominees and do not reveal the names of their principals, since disclosure that major oil companies are interested in the area sends lease prices skyrocketing. An oil lease is a contract between the landowner and the oil operator, giving the operator the right to explore for and produce minerals existing below the surface of the land. Leases are usually in a standard form and provide, among other things, for:

1. An initial payment of a lease "bonus".
2. The payment of a stipulated "delay" rental for the privilege of deferring drilling operations for an additional year beyond the first year.

3. A primary term, say five years. Despite the primary term, the lease remains in effect so long as oil or gas in commercial quantities is produced from the lease.
4. The amount of the royalty retained by the landowner from production. The standard lease provides that the lessor is entitled to 1/8 of the oil or gas produced, delivered free of cost into the pipeline, or to the proceeds from the sale of such oil or gas.

Much of the crude oil purchased and subsequently resold or refined by an oil company is the purchase of the lessor's 1/8 royalty interest. For book purposes, most companies capitalize and amortize the lease "bonus" mentioned in (1) above and expense currently the "delay" rentals described in (2). Since the "bonus" becomes part of the company's cost of the lease and of the eventual oil and gas produced, recoverable when production occurs by means of depletion, book amortization of the bonus is not deductible. Lease "delay" rentals are made not for extracting the oil and gas, but for failing to do so. "Delay" rentals give the lessee the right to hold properties prior to the discovery of gas or oil or the commencement of drilling. The "delay" rental is deductible when paid or accrued.

In addition to acquiring leases in unproven areas, nearly all companies acquire (and dispose of) leases in proven and semi-proven fields. These leases are usually acquired from other operating companies or from lease brokers or promoters. The conditions under which such leases are acquired vary from straight cash purchase of the working interest to a variety of arrangements for cash and other considerations such as an overriding royalty, a retention of part of the working interest, a carried interest, a net profits interest, an oil payment, a "farmout", or an exchange. Leases are rarely acquired outright, since the original lessor seldom wishes to relinquish control of an area. For that reason, the above methods of buying and selling operating rights have been devised. As explained later, a company selling operating rights and subsequently receiving overriding royalty income, working interest income, carried interest income, net profits

interest income, oil payment income, or etc. is receiving apportionable business income except to the extent an economic interest in oil and gas in place was retained by the seller and income is derived from the subsequent sale of such oil and gas. Major oil companies, almost uniformly, have contended, and the department has finally agreed, that leases are inventory to the oil industry and the purchase, sale or surrender thereof produces apportionable business income or expense. Consequently, we can say that any subsequent income, derived from a retained interest, which is not the result of the disposal of an economic interest in oil or gas in place, is apportionable business income related to the disposition of leaseholds. A detailed explanation of these interests may be obtained from oil and gas accounting textbooks maintained in the Corporation Section library.

The cost of oil properties is usually classified as follows: (1) Leasehold Costs, (2) Intangible Drilling and Development Costs, and (3) Lease and Well Equipment.

Leasehold costs are comprised of geological and geophysical expenses, scouting costs, title examination fees, recording and filing fees, documentary stamps, lease brokers' commissions and expenses, and a portion of field and land office expenses. Such costs are usually accumulated during a year in an account called Leasing and Exploration Costs. In general, the Leasing and Exploration Cost account comprises all costs incurred in the search for and acquisition of leases, except the lease bonus cost and lease rentals. Lease bonuses and rentals are accounted for elsewhere. For book purposes, some companies charge leasing and exploration costs against income currently; however, most companies capitalize these costs. For tax purposes, leasing and exploration costs, as well as lease bonus costs, must be capitalized and deducted by means of depletion.

When leasehold costs are capitalized, they are first carried in the ledger accounts as Unoperated Acreage or Undeveloped Leaseholds. When a lease becomes productive, these costs are reclassified to Operated Acreage or Productive Leaseholds. As mentioned previously, the oil industry maintains, and we have agreed, that leases are inventory to this industry. It follows, therefore, that unoperated acreage is the basic raw material (inventory) of the Exploration and Production Department upon which exploration and drilling activities as continuously performed and without which the ultimate objective, production, could not be achieved. Dry-holes on unoperated acreage are sometimes used to dispose of salt water acquired in the course of drilling other wells. In recognition of the foregoing, the department has taken the position that unoperated acreage is "tangible property" includable in the computation of the property factor of the apportionment formula.

Intangible Drilling and Development Costs represent those expenditures that do not have a salvage value incurred in the drilling and deepening of wells. Such costs include labor in drilling the well or the amounts paid to the drilling contractor for the drilling, labor for preparing the drill site, shooting and logging and formation testing, cementing the wells, material and equipment lost, and a portion of camp expenses, superintendence, and district overhead. These costs are very significant, representing the major portion of each well's total cost. It is the usual practice of major companies to capitalize such costs of productive wells on the books and to amortize them over the estimated useful life of the property. For federal tax purposes a company has the option either to expense or to capitalize these costs. The option to expense intangible drilling and development costs may be made federally by deducting such costs in the first year they are paid or incurred. Although no formal statement is necessary, a failure to deduct such costs in the first year is deemed by the Internal Revenue

Service to be an election to capitalize the costs. If a company elects to capitalize intangible drilling and development costs, the federal regulations grant a second option to either expense or capitalize dry hole costs. The election regarding the dry hole costs is made when the well is completed. Notwithstanding the statement at paragraph 65.1, page 273 of our Training Manual, to the effect that such expenses must be capitalized and depreciated for Wisconsin tax purposes, it has been the practice of this department to follow the federal procedure allowing the above options. This practice no doubt has practicality as its basis, since to try to develop procedures relative to oil operations which are different than those of the Internal Revenue Service could lead to other complications which would make the filing of a Wisconsin tax return by an oil company too complex and costly.

As a general rule, it may be said that most companies for book purposes capitalize intangible development costs as they are incurred and charge the cost of a dry hole to expense at the time drilling and testing are completed. However, frequently a distinction is made in the book accounting treatment between wildcat or exploratory wells and development wells. A wildcat or exploratory well is a well drilled in an unproven area. An average of only about one out of nine such wells is completed as a producer. A development well is a well drilled in a proven area, and the changes of success are substantially greater than for wildcat wells. In recognition of the fact that most wildcats will result in dry holes, some of the larger companies, that for book purposes capitalize drilling and development costs on development wells, charge intangible drilling and development costs applicable to wildcat wells to dry-hole expense as the charges are incurred. Should the well be a producer, a reversing entry is made capitalizing the amounts previously charged to expense. This is true even though the wildcat well is not completed and found to be a producer until

the following year.

For tax purposes it should be noted that if intangible drilling and development costs are deducted as incurred and where the well is drilled over a two year period, only the second year's portion of such expense will be classified as Dry-hole Expense. The first year's portion will have been deducted as Intangible Development Cost. For return purposes some companies, it has been noted, arbitrarily adjust each year's Intangible Development Cost in order that Dry-hole Expense will state the total cost of holes determined to be dry in a year. For Wisconsin tax purposes, the cost of a dry-hole is an apportionable business expense in the same manner as the cost of the surrendered lease previously discussed. The cost of a dry-hole is an ordinary and necessary expense of finding and producing crude oil.

The Lease and Well Equipment account represents the capital investment in items having a potential salvage value. Such items include the cost of casing, tubing, well-head assemblies, pumping units, lease tanks, heaters, treaters, and separators.

It is common practice for the unit of accounting to be the entire lease regardless of the number of wells on the lease. Accordingly, when one of a number of wells on a lease is abandoned, it is the usual practice not to recognize any gain or loss but to credit or charge such amount, net of salvage, to the applicable reserve for depletion or depreciation. At the time of disposal of an entire lease, gain or loss is recognized. As stated previously, leases are inventory to the oil industry and gains or losses on the disposal thereof are apportionable.

When wells are successful and crude oil production commences, the produced oil

is either transferred to the Oil Trading Department or Sold at the well-head to others. A pipe line gathering system, which may or may not be owned by the producing company, will transport the oil to either the operator's or the purchaser's storage tanks.

Most integrated oil companies do not produce as much crude oil as their own refineries require. This is evident from the large number of independent producers contrasted with the relatively small number of independent refiners. Furthermore, the integrated company can avail itself of only a portion of its own production to meet its refinery requirements because of distances between producing wells and refinery locations as well as differences between the kinds of oil produced and the kinds of oil required by the refineries. To bridge the gap between production and refining, a service department (usually called the Crude Oil Department) is utilized. The principal function of this department is to sell all production not required by or not suitable to the company's refineries and to supply the company's refineries with the kinds and quantities of crude oil needed. The basic sources of crude oil by this department are:

1. Production of the company's own oil from wells operated by the company or from wells operated by others.
2. Production of oil owned by other interests from wells operated by the company.
3. From other operators or dealers in oil.

The terms of most oil leases or other agreements require that the well operator purchase the other interests' share of oil produced. As mentioned previously, these interests may be royalty interests, working interests, net profits interests, carried interests, oil payments, etc., as the case may be.

An oil company therefore has in its storage tanks or pipelines at any given time crude oil acquired from the sources listed above. The sale before entering

the refining process of such crude oil produces apportionable or non-apportionable income, depending upon the source of the oil. The sale of crude oil acquired by purchase from others, categories (2) and (3) above, in all cases produces apportionable business income (or loss). The only transaction, involving the sale of crude oil, producing non-apportionable income is the sale of oil in category (1) above; namely, the sale before entering the refining process of a company's own oil acquired directly from a well. For example, this includes both income from the sale of oil owned and produced by operator A as well as from the sale of oil owned by operator A but produced by operator B because of operator A having an owned interest in operator B's production. The criteria is not so much who pumped the oil to the surface, but who owned the oil while it was still in place in the underground oil pool. Although the Wisconsin Statutes do not mention crude oil specifically, income from the sale thereof is deemed to be the same as income from a farm, mine or quarry, which income is non-apportionable following the location of the property from which derived according to Section 71.07 (1) of the Wisconsin Statutes.

As briefly mentioned earlier, production from oil and gas wells varies anywhere from a completely vaporized to a liquid substance. Production from gas wells is generally all vaporized and is called "natural gas", while the vaporized portion of the production from petroleum wells is referred to as "casinghead gas". Raw gas (natural or casinghead) as it comes from the ground may be described as "wet" or "dry", and "wet" gas may be further described as being "rich" or "lean". Generally speaking, gas produced from gas fields is "dry", while gas produced in conjunction with oil is usually "wet" and "rich". "Dry" natural gas is very often sold at the well-head directly to purchasers who distribute such gas by means of pipeline throughout the country. "Wet" gases are either "dried-out" in the producer's own natural gasoline plants or are

sold to another operator having a natural gasoline plant in the vicinity. From the "wet" gas the natural gasoline plant produces natural gas and raw natural gasoline. Because raw natural gasoline is unstable and therefore unsuited for motor fuel, it is further separated into highly marketable liquified petroleum gases such as butane and propane and a stable natural gasoline suitable for blending with gasoline refined from crude oil.

The natural gas owned, produced and sold directly at the well-head without any processing performed on it, produces non-apportionable income in the same manner as crude oil. The sale of natural gas extracted from raw "wet" gas, as well as all other extracted products, does not produce non-apportionable income; such income is apportionable. Some companies buy "wet" gas from others for processing in their natural gasoline plants. Sales of extracted natural gas in this situation, of course, also produces apportionable income. Gases have been discussed in some detail here so that the auditor may be aware that not all sales of natural gas produce non-apportionable income.

The Manufacturing Department of the oil industry presents a few problems insofar as Wisconsin income or franchise tax is concerned because very little of this activity occurs in Wisconsin. None of the companies with whom we have experience has refining facilities in Wisconsin. Therefore, we have a zero cost of manufacturing factor. The principal problem with this factor concerns weighting, which is discussed later.

In the marketing of petroleum products, many more independently owned business units are involved than in any other segment of the industry. Capital requirements at the retail level are not so great, and an individual may compete successfully with company-operated service stations. In the fully integrated company, however, hundreds, if not thousands, of products are offered for sale

and groupings of these products are used for accounting purposes. A representative list of products sold would include:

Gasoline
Lubricating oils - automotive and industrial
Greases - automotive and industrial
Fuel oil
Distillates - diesel and furnace oils
Kerosene
Asphalt
Chemicals
Specialties, such as automotive parts and accessories and promotional items sold by service stations

The marketing department's responsibilities extend further than the sale of products, however. They include many services, the best known of which are those the motorist receives at the retail service station. The role of the marketing department in the transportation of products is also important. From the refinery to the terminal, transportation is usually by pipeline or marine operation. From the terminal to bulk plants, it may be by barge, tank car, or tank truck and from there to the retail consumer or wholesaler by truck.

The operating units of the marketing department may be grouped as follows:

Terminal. A facility equipped
1. To receive large quantities of products by pipeline, tanker barge or rail
2. To store large quantities of these products
3. To ship large quantities to bulk plants, retailers or consumers.

Bulk Plant. A smaller facility than the terminal equipped to store product and deliver by truck to smaller wholesalers, retailers and consumers.

Service Station. A property for the retailing of products to motorists. Most oil companies do not operate their own stations, but instead have independent managers operating on a commission basis.

Prior to 1949 the separate accounting method was used by the oil industry to compute income subject to the Wisconsin tax. This method was upheld by the

Wisconsin Supreme Court in the Standard Oil Company of Indiana case. In 1949 the Legislature amended Section 71.07 (2) requiring apportionment for unitary businesses. The fact that oil companies paid little tax had much to do with the passage of this amendment. Most oil companies are now voluntarily reporting on the apportionment basis.

Total Company Net Income

The computation of total company net income before apportionment for oil companies is little different than that for any other large company. In the same manner as with many companies, federal taxable income is used as a starting point and such income, by means of specific adjustments, is converted to Wisconsin net income. A major item in the computation of federal taxable income involves the 27 1/2 percent percentage depletion allowance. The Wisconsin law, of course, has no provision for percentage depletion of crude oil or gas. The percentage depletion deduction claimed federally, therefore, should be reversed and cost depletion allowed. By reversing the federal Schedule M adjustment for the excess of percentage depletion over book cost depletion, we, of course, are left with book cost depletion. Because of differing methods (previously discussed) of treating exploration and production costs, the book and tax depletable costs may differ somewhat. Consequently, Wisconsin cost depletion may be more or less than book cost depletion and Wisconsin gains and losses on disposition of leaseholds may differ somewhat from the federal. Intangible development costs, as stated earlier, are deductible when incurred in the same manner allowed federally. In general, it is well to follow federal taxable income as closely as possible.

Non-Apportionable Income

The computation of non-apportionable income for oil companies has all of the normal problems encountered in the returns of most unitary multi-state

businesses. However, the amount of income following the situs of property is much more significant than normal and the determination of such income, if not more complex, is at least unique.

The operations of an integrated oil company are, in general, unitary. Each of its activities - beginning with the search for oil and gas, the production of discovered oil and gas, the transportation and storage of produced as well as purchased oil and gas, the refining of such oil and gas, to the ultimate marketing of end products derived from these basic raw materials - benefits and is benefited by its other activities. As discussed previously, however, income from the sale of produced oil and gas generates non-apportionable income to the extent such oil and gas is sold to outsiders before entering the refining process. Sales of this nature may occur at the well-head where the sale is made by the Exploration and Production Department or the sales may be made by the Oil Trading Department after produced oil has been co-mingled with oil purchased from others. Natural gas is usually sold by the Exploration and Production Department.

As mentioned briefly earlier, the theory behind this treatment is the same as that applied to income derived from farms, mines or quarries. To the extent that products obtained from farms, mines or quarries owned and operated by a manufacturing concern are consumed or become components of end products of the manufacturing company, that portion of the net income of the farms, mines or quarries generated by these products is unitary business income. To the extent that products of the farms, mines or quarries do not enter the unitary operation (in other words, are sold in the same state as they are in when produced) the net income generated therefrom follows the situs of the property from which derived, pursuant to Section 71.07 (1) of the Statutes.

Since the Exploration and Production Department and the Oil Trading Department produce both apportionable and non-apportionable income, the accounting problem we are faced with is to isolate the net income generated by sales producing non-apportionable income. This is done by means of formulas which derive a percentage of barrels of produced crude oil sold to outsiders by each department to the barrels of all crude oil (both produced and purchased) available to (or passing through) each department. Exhibits E-4.3 and E-4.4 of the attached E section of the audit report show the computation of these ratios.

In the computation of non-apportionable income from the sale of crude oil, some companies incorrectly include gross income from the sale of "carved-out oil payments" or from the "sale of oil in place." These two names describe the same transaction. In such an arrangement, the seller of the carved-out oil payment disposes of a horizontal slice of oil in place, retaining reversionary rights to the remaining oil. More simply put, a well operator sells oil in the ground to a third party, very often a bank, receiving cash for a given quantity of future production of crude oil. The seller continues to operate the property, but is required to repay the cash advance from a specified percentage of future production of certain wells. Since the dollar value of the crude oil eventually turned over to the purchaser is greater than the dollar value of crude oil the cash advance would have purchased on the day the advance was made, the buyer in effect earns interest on the transaction. This is the reason why banks are willing to invest in "oil in place".

A carved-out oil payment is sold for several reasons, the principal ones being: (1) to obtain additional working capital without borrowing money (the principal purpose of small undercapitalized companies), (2) to average income and (3) to generate just enough income to qualify for the maximum percentage depletion

deduction. Most large companies are only concerned with the percentage depletion deduction. The sale of oil in place generates gross income against which there are no current producing expenses, because sales of this nature are made at year end when a company can determine exactly the net income necessary to produce the maximum percentage depletion within the 50 percent net income limitations imposed by the Internal Revenue Code.

For book purposes, the proceeds from the sale of carved-out oil payments may be treated as ordinary income when received, since none of the amount is refundable to the purchaser under the standard agreement which provides that the payments will be made only out of oil produced. In most cases, however, the amount received for the oil payment is treated as a deferred credit and is taken into income only as the oil is produced (this may extend over a period of years).

For federal tax purposes, amounts received from the sale of carved-out oil payments must be reported in the year of receipt as ordinary income, pursuant to the decision of the United States Supreme Court in the case of P. G. Lake, Inc. et. al. vs. Commissioner. In this case the United States Supreme Court held that carved-out oil payments are only assignments of rights to future income, and hence, the proceeds from the sale thereof are ordinary depletable income not subject to capital gain treatment.

For Wisconsin tax purposes, income from the sale of carved-out oil payments is ordinary income from the production of crude oil in the same manner as federally. Such income is also non-apportionable to the extent it is offset by all related expenses of the Exploration and Production Department. Related expenses include, among others, a share of dry hole costs, costs of surrendered leases, depletion, and intangible drilling and development costs. A

problem arises, however, insofar as the year in which income from the sale of "carve-outs" should be included in total income. If we take-up such income in the year received, as the Internal Revenue Service does, we will have no barrel production data relative to such income in our formula shown on Exhibit E-4.3. Consequently, the barrels of produced crude sold will be understated, and non-apportionable income, as a result, will be too low. In addition, the costs of producing the oil will be in a year different than the year in which the proceeds are included in total income. A poor matching of costs and revenues results. Therefore, it has been found to be practical to include income from the sale of carved-out oil payments in income on the book deferral method. Federal Schedule M adjustments for this income, consequently, should be reversed on Exhibits C and E-4.1, if the taxpayer is agreeable thereto. We probably cannot insist on changing the federal method, inasmuch as the advanced proceeds do constitute income in the year of receipt (because they are not refundable). If the taxpayer wants the federal treatment, we must estimate production barrel data and lifting costs applicable to such income.

Many oil companies have a marine operating unit which may be a separate department or which may be part of the Manufacturing or Marketing Departments. This marine unit operates tankships (tankers) and specially constructed barges along coastal and inland waters of the United States. Because of their economy, such vessels can compete with pipe lines and tank cars in the transportation of bulk quantities of petroleum and refined products. The movement of petroleum is usually a one-way operation, with no return cargo. Tankships are of a special design; therefore, their use is largely confined to the movement of petroleum, although occasionally these vessels may transport some other liquid cargo, such as molasses.

Although a marine unit is involved primarily in transporting the company's own products, income is earned from transporting the products of others. Such income is business income and entirely apportionable. On occasion, however, a company having unused vessels will rent these vessels to others under a "bareboat charter" or "time charter" arrangement. In a "bareboat charter" the charterer receives a ship in goodworking order but without a crew, fuel and other operating supplies, and must staff the vessel with his crew and assume full responsibility for the operation and maintenance of the vessel. In a "time charter", on the other hand, the owner offers the use of a fully staffed vessel for trading within prescribed areas at a monthly rate per deadweight ton and agrees to make voyages as directed by the charterer and to assume most expenses of operating the vessel. Net income derived from both "bareboat" and "time" charters is non-apportionable rental income following the situs of the vessels.

Rental income is also earned from the lease of service stations to commission managers and other independent contractors. Income or loss derived from rentals to others of service stations owned or leased by the oil company, in most cases, is treated as apportionable by mutual agreement because it has not been possible to accurately determine such net income or loss of the net depreciated tangible property related to rentals of this nature.

Contributions made by the Exploration and Production and Oil Trading Departments are not split between apportionable and non-apportionable income. All contributions made by these and other departments are deductible. The net income of the Exploration and Production and Oil Trading Departments computed on Exhibits E-4.1 and E-4.4 should be increased by the amount of contributions included in expense before the determination of departmental non-apportionable income.

Apportionment Factors

The statutory apportionment formula set forth in Section 71.07 (2) is used in the computation of Wisconsin net income. That is, the average of the tangible property, cost of manufacturing and sales factors is applied to total apportionable income in the determination of business income earned in Wisconsin.

Tangible Property Factor

The tangible property factor is computed as shown on Exhibit E-1. The special consideration involved in the computation of this factor is the determination of property used in the production of non-apportionable Exploration and Production Department, Oil Trading Department and Marine Operation net income. The net tax basis cost of property in each department or operation must be computed and the amount thereof pertaining to non-apportionable income or loss eliminated. The amount to be eliminated is determined by applying the ratio of each department's total income that is non-apportionable to total tax basis property of that department. Since Exhibits D and D-1 are rarely prepared for oil companies because of the size of the task, it must be remembered that Intangible Development Costs capitalized for book purposes, but expensed for tax purposes, must be eliminated from book costs. These costs are significant and can make a material difference in the tangible property percentage because all are outside Wisconsin. Many companies include these costs in the factor. Of course, other material differences between book and tax net costs should also be adjusted for. The cost of unoperated acreage, as previously explained, is "inventory" to the oil industry and, hence, includable in tangible property.

Cost of Manufacturing Factor

The cost of manufacturing weight is computed on Exhibit E-2. Few oil companies have manufacturing operations in Wisconsin. The Wisconsin cost of

manufacturing factor, therefore, is zero. Inasmuch as most oil companies sell products purchased from others on which further manufacturing is not performed prior to resale, this factor must be weighted in order to recognize the fact that not all apportionable income is influenced by the company's own manufacturing activities. The primary items for which weighting is necessary are:

1. Resale of refined products purchased from others,
2. Resale of motor vehicle parts and accessories, such as, batteries, tires, tubes,
3. Resale of crude oil purchased from others.

Some companies object to weighting for the sales of crude oil purchased from others on the grounds that such sales produce little income because the oil in many instances is bought and sold at the same "posted field price". A counter argument to this position is that the sales of purchased crude oil are included in the denominator of the sales factor. If such sales produce no revenue, it can be argued that they should be eliminated from the sales factor computation.

Sales Factor

The sales factor is computed on Exhibit E-3. The special considerations in the computation of this factor are primarily the same as in the computation of the tangible property factor. That is, the sales of crude oil, natural gas and other minerals, as well as income from the chartering of vessels included in sales, must be determined and eliminated from total sales. In addition it should be noted that sales of oil companies are usually recorded gross of product taxes, such as federal and state gasoline taxes, even though state gasoline taxes, as a rule, are imposed upon the consumer. Federal gasoline taxes are imposed on the producer or ultimate retailer. For sales factor purposes, product taxes imposed on the consumer but collected and remitted by the oil company, in theory, should be excluded from sales. Information to adjust the

numerator and denominator of the sales fraction for product taxes may not be readily available. Consequently, the adjustment may not be feasible. It is important, however, to determine that product taxes have been treated consistently in both the numerator and denominator of the sales factor.

Sales Tax

In the discussion of the Marketing Department it was brought out that oil companies sell lubricating oils and greases as well as automotive parts, supplies and accessories. They also sell special promotional items to or through service stations.

Section 77.52 (1)(a) 4 of the Wisconsin Selective Sales and Use Tax Law, which became effective on August 15, 1963, imposes a 3% tax on the sale, lease or rental of motor vehicles and the accessories, attachments, parts, supplies and materials therefor, except motor fuel. To the extent that oils and greases are specifically designed, manufactured, marked and recommended for use in automobiles or other motor vehicles, oils and greases are motor vehicle supplies. Beginning with August 1, 1967, sales of these lubricants are subject to the sales tax whether or not sold in "bulk lots" and regardless of the use to which they are put. Other motor vehicle parts, supplies, attachments and accessories have been subject to the tax since August 15, 1963. Special promotional items sold could be of any kind and may be subject to the tax. The repair, service and maintenance of motor vehicles are subject to the tax pursuant to Section 77.52 (2)(a) 8.

Prior to August 1, 1967 confusion existed as to which oil and greases were subject to the tax. In the early days of this sales tax law, rulihgs were published to the effect that oils and greases sold in "bulk lots" were unidentifiable as to purpose, and, consequently, were multi-use goods not subject

to the tax unless used in motor vehicles. As a result, many retailers did not charge the tax on any sales of lubricants unless they were actually installed in motor vehicles.

After audit of several oil companies and discovery of the existing confusion, as well as the facts relative to the manufacture of lubricants, a conference was held at which representatives of this department met with members of the Wisconsin Petroleum Council and representatives of most major oil companies. This meeting confirmed the fact that oils and greases are engineered for specific purposes and that all companies brand, mark or classify oils and greases according to intended and recommended useage (automotive or industrial), notwithstanding the fact that automotive lubricants may be used for industrial purposes and vice versa. Each company agreed to submit to the Wisconsin Department of Revenue a list of all products designed, manufactured and branded, marked or classified as "automotive lubricants." Each company also agreed to charge the sales tax on all sales of products on its list and on the sale of any new products of the same nature subsequently added to its product line.

The taxation of all sales of motor vehicle lubricants regardless of quantity or end use is effective as of August 1, 1967 by ruling of the Secretary of Revenue. Application of this position is not retroactive to periods prior to this date. The auditing of retailers for these sales should, no doubt, be dispensed with for all periods prior to August 1, 1967. Some of the sales tax lost in these periods may conceivably be recovered in the form of use tax from large industrial consumers who used the products on motor vehicles. Audits of periods after August 1, 1967 not only should verify that sales tax was charged on all lubricants on the lists, but also that all lubricants subject to the tax are on the lists.

Products subject to the sales tax are sold by three marketing facilities described earlier in the discussion of the Marketing Department. These facilities are terminals, bulk plants and service stations. Terminals sell motor vehicle lubricants to wholesale jobbers and distributors, to retail dealers and to large industrial and governmental consumers. Bulk Plants sell motor vehicle lubricants on a smaller scale to the same customers as well as to farmers. Service stations, of course, sell service and motor vehicle supplies, parts, attachments and accessories primarily to the individual consumer.

Most major oil companies do not operate service stations. Instead, they lease stations to independent operators who either buy and resell the oil company's products or who act as agents, selling the oil companies products on a commission basis, but operating the remainder of the station independently of the oil company. Even though most stations are leased to others, oil companies operate stations with their own employees at times when independent operators cannot be found, in order that stations do not stand idle.

Sellers' Permits, of course, are required for each station operated by employees of the oil company. They also are required for leased service stations operated by independent operators acting as agents in the selling of the oil company's primary products. Two sellers' permits are required in this last situation - one for the oil company and one for the independent operator (for his sales of other owned goods and services).

Use Tax

Section 77.52 (1)(a) 9 exempts tanks, pumps, compressors and equipment for the retail marketing of petroleum products from the sales tax. Purchases of such equipment for service stations therefore are not subject to the use tax.

However, the department has ruled if these same items are attached to motor vehicles after November 1, 1963, they are subject to the sales tax. Therefore, tanks, pumps, compressors and equipment used for the retail marketing of petroleum products and purchased tax-free from out-of-state vendors are subject to the use tax if attached to motor vehicles in Wisconsin after November 1, 1963.

Other items of taxable tangible personal property which probably would be purchased by terminals, bulk plants or service stations are:

Motor vehicles	-	terminals,	bulk plants,	service stations
Fork lift trucks	-	"	"	—
Small conveyors	-	"	"	—
Office equipment	-	"	"	"
Fans, heaters, blowers	-	"	"	"
Cash registers	-	"	"	"
Air conditioners	-	"	"	"
Vending machines	-	—	—	"
Water coolers	-	"	"	"
Display cases and counters	-	—	—	"

Withholding Tax

Oil companies have no unusual problems insofar as withholding tax is concerned.

EXHIBIT 15

WISCONSIN TAX APPEALS COMMISSION

EXXON CORPORATION, (successor by merger to Humble Oil & Refining Company),	:	
Petitioner,	:	STIPULATION AS TO CERTAIN FACTS AND DOCUMENTS
vs.	:	
WISCONSIN DEPARTMENT OF REVENUE,	:	Docket No. I-3806
Respondent.	:	

DOCUMENTS

Petitioner and Respondent, by their respective attorneys, stipulate and agree that the following described documents, bearing the exhibit numbers, respectively, set opposite the summary identifications thereof, are either the originals or true and correct copies of the originals thereof, and shall be admitted into evidence in this action and made part of the record for purposes of all hearings, trials and appeals in this cause to provide undisputed evidence of the authenticity, existence and contents of such documents, with the reservation that each party reserves the right to argue the relevance of any data contained in the documents.

Exhibit No.	Summary Identification
1	Notice of Assessment and Audit Report 1965-1968
2	Notice of Assessment and Audit Report 1960-1964
3	Application for Abatement of 1965-1968 assessment
4-A	Notice of Denial of Application for Abatement 1965-1968

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4-B		Notice of Partial Denial of Application Abatement 1960-1964
5-A		Petition for Review
5-B		Petition for Amendment and Order
6		Answer of Respondent
7		Discovery Transcript of Examination of Thomas J. Sheridan
8		Discovery Transcript of Examination of Kurt Kaspar, Jr.
9		Discovery Transcript of Examination of Carl J. Hoel
10		Discovery Transcript of Examination of John K. Leidiger
11		Discovery Exhibits:
	11-1	Subpoena Duces Tecum
	11-2	Work Papers of Kurt Kaspar on 1960-64 audit
	11-3	Work Papers of Kurt Kaspar on 1960-64 audit
	11-3A	Staff Conference Notes, November 30, 1966.
	11-4	Original Returns 1964 - and Misc. correspondence and memos
	11-5	Work Papers of T. J. Sheridan, dated May 1, 1971 (B, C & F).
	11-6	Work Papers of T. J. Sheridan, dated May 1971 (D & E).
	11-7A	1965 Wisconsin Corporation Franchise Tax Return
	11-7B	1966 Wisconsin Corporation Franchise Tax Return
	11-7C	1967 Wisconsin Corporation Franchise Tax Return
	11-7D	1968 Wisconsin Corporation Franchise Tax Return
	11-9	Staff Conference Notes
	11-10A	Excerpt from Department of Taxation Training Manual - Chapter 16, Situs of Income.

11-10B	Excerpt from Department of Taxation Training Manual - Section 65, Depletion.
11-11	Paper entitled "Auditing Oil Companies" by Kurt Kaspar, Jr. and Ralph Paul
11-12A	Report entitled "Determination of Wisconsin Taxable Income of Oil Companies" by C. M. Lins
11-12B	Report entitled "Factual Materials Which an Auditor Should Have in His Work Papers to Prove that a Taxpayer is Engaged in a Unitary Business" by Lee Longhorn.
11-13	Income Tax Regulations Act of 1931, Published September 1932. Section VI - Apportionment, Separate Accounting and Situs of Income.
11-15	Miscellaneous papers
11-16	Material submitted by Humble 1960-64 Audit
11-17	Conference Notes, May 9, 1967
11-18	1959, 1960, 1961 and 1962 Wisconsin Corporation Franchise Tax Returns
11-19	1963 Wisconsin Corporation Franchise Tax Return
12	Paper entitled "Wisconsin's Experience in the Taxation of Oil Companies" by J. K. Leidiger
13	Certified copies of Humble Oil & Refining Co. annual reports on file with Wisconsin Department of State
14	Certified copy of Plan and Agreement of Merger effective June 30, 1960

FACTS

Petitioner and Respondent, by their respective attorneys, hereby further stipulate and agree, for the purposes of this action only, to the truth of the following facts and to the admissibility

of this Stipulation into evidence in this action for use in all hearings, trials and appeals in this cause for the purpose of providing undisputed evidence of such facts.

JURISDICTIONAL FACTS

1. Petitioner timely filed its Wisconsin corporation income and franchise tax returns for the calendar tax years of 1965 to 1968, both inclusive. The returns were prepared and the computations made on the separate accounting method. Losses were shown in the amounts of $821,320; $1,159,830; $1,026,224; and $919,575, respectively, for the years 1965, 1966, 1967 and 1968, aggregating $3,926,949 for the four year period. No tax was shown as being due for any such year.

2. Under date of June 25, 1971, C. J. Hoel, Section Chief of the Respondent, forwarded to Petitioner a Notice of Assessment of Additional Income and Franchise Tax (Exhibit 1), to which there was appended the Franchise Tax Audit Report (the "Audit Report") of Mr. Thomas J. Sheridan dated May 1, 1971, in which he found that Petitioner's income was subject to apportionment, which subjected it to tax on or measured by additional income of $4,532,155 for the period 1965 through 1968. Additional taxes in the amount of $316,470.85 were thereby assessed against Petitioner. These documents were received by Petitioner on June 28, 1971.

3. Under date of July 21, 1971, Petitioner timely filed an Application for Abatement (Exhibit 3). On October 26, 1971, an informal conference was held on the Application in the offices of the Respondent at Madison, Wisconsin.

4. Under date of November 30, 1971, C. J. Hoel, forwarded to Petitioner a Notice of Denial of Application for Abatement

(Exhibit 4), to which there was appended a Notice of Additional Taxes Due, dated November 30, 1971, in the principal amount of $316,470.85, plus interest.

5. On December 30, 1971, Petitioner timely filed a Petition for Review by the Commission (Exhibit 5), and subsequently Respondent timely served and filed its Answer (Exhibit 6).

BACKGROUND FACTS

6. Petitioner subsequently made an Application for Discovery Authorization, which the Commission granted on May 26, 1973; and the discovery examinations of four employees of the Respondent were conducted on January 15 and 16, 1974 and the transcripts of such examinations are Exhibits 7 through 10 herein. Pursuant to a Subpoena Duces Tecum served upon Respondent by stipulation with its counsel, Respondent produced the documents sub-numbered under Exhibit 11 herein and others, indicating that such documents constitute all documents known to Respondent covered by the enumerated categories in the Subpoena and pertinent to the audit and assessment of the Petitioner for the 1965-1968 period of the audit in issue and for the 1960-1964 period of the prior audit, with the exception of documents referred to as the "Continental Oil Co. work papers" which were used as a model for the audit of the Petitioner but which Respondent refused to produce and which refusal was upheld by the Commission.

7. Respondent had also audited the Petitioner for the period 1960 through 1964, which audit was conducted for Respondent by Kurt Kaspar, Jr. The Notice of Assessment and Audit Report for that period is Exhibit 2 herein.

8. Petitioner Exxon Corporation (hereinafter "Exxon") was formerly named Standard Oil Company of New Jersey (hereinafter "SONJ") which prior to the name change in early 1973 was the owner of a wholly owned subsidiary corporation named Humble Oil & Refining Company (hereinafter referred to as "Humble"). At about the time of the name change Humble was merged into Exxon, making Exxon the legal successor to the original Petitioner in this action.

9. In 1956 SONJ organized as a wholly owned subsidiary a Delaware corporation named Pate Oil Company, which then acquired all of the assets and liabilities of Saxon Corporation, a Wisconsin corporation whose name had just been changed from Pate Oil Company. The new Pate Oil Company continued the operations of the former company under the name "Pate," which operations were all located in Wisconsin and consisted of the marketing of petroleum products and accessory products. Corporate income tax reporting to the State of Wisconsin was done on the basis of the results of the new corporation's Wisconsin marketing operations, which continued the pattern of the former Pate corporation in reporting all of its income to Wisconsin.

10. On June 30, 1960 SONJ caused (new) Pate to be merged into Humble, and thereafter the Wisconsin marketing operations were continued by Humble with the brand name being changed to "Enco." In early 1973 Humble was merged into SONJ and the latter's name changed to Exxon. Petitioner will be referred to in this case as either "Exxon" or "Humble," and such references are intended, unless otherwise specified, to refer to the legal entity which conducted the Wisconsin operations, named Humble Oil & Refining Company, to which Exxon is now the legal successor.

IN WITNESS WHEREOF, this Stipulation has been executed for the purposes described this 2nd day of October, 1974.

Thomas G. Ragatz
Attorney for Petitioner

Irving F. Shapiro
Attorney for Respondent

OVERSIZE FOLDOUT(S) FOUND HERE IN THE PRINTED EDITION OF THIS VOLUME ARE FOUND FOLLOWING THE LAST PAGE OF TEXT IN THIS MICROFICHE EDITION

SEE FOLDOUT NO. 1 - 4

EXHIBIT 21

EXHIBIT 21

HUMBLE OIL & REFINING COMPANY
OIL AND GAS OPERATIONS
AND REFINERY LOCATIONS
1960-1968

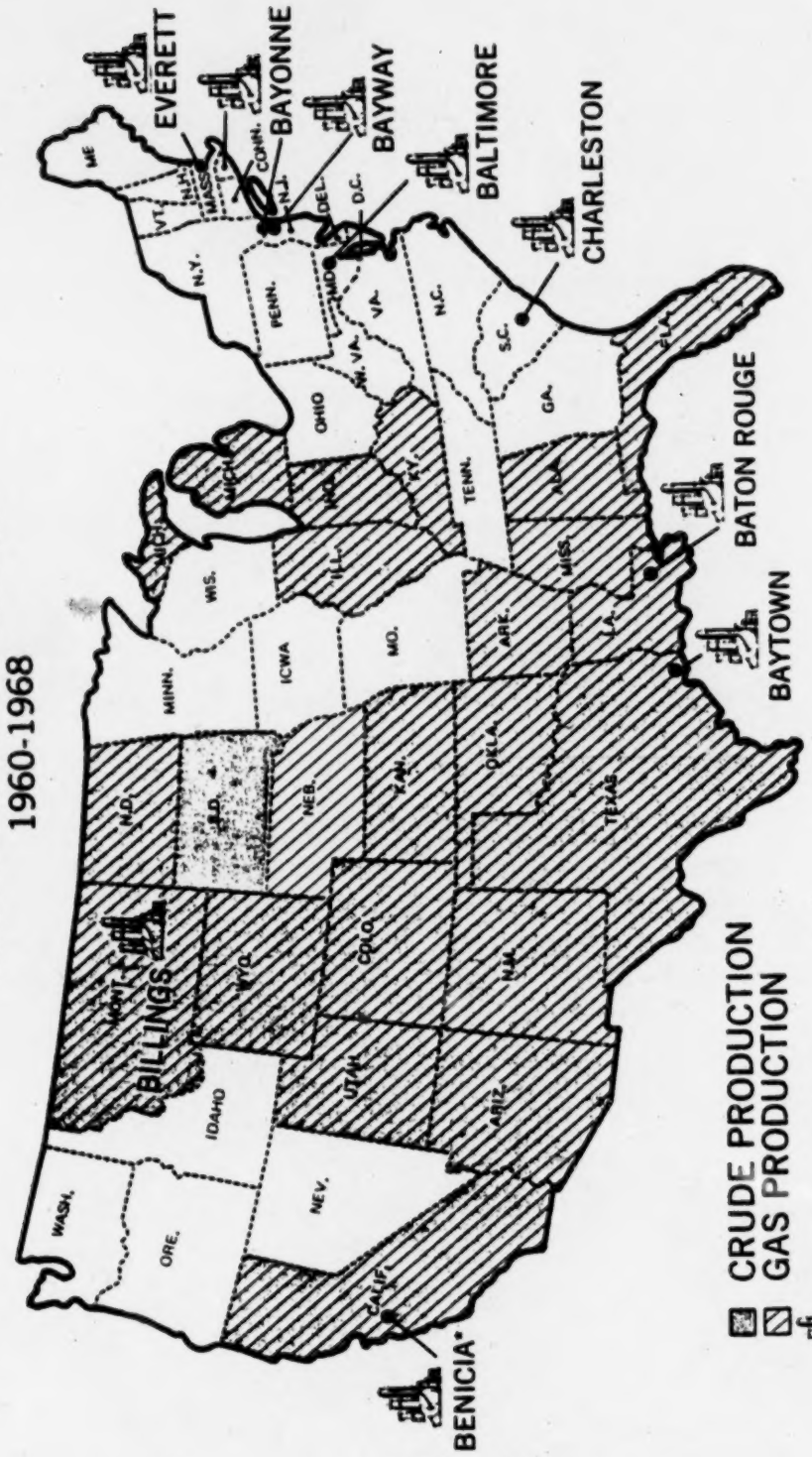

EXHIBIT 22

EXHIBIT 22

COMPANIES ENGAGED IN ONE OR MORE COMPETITIVE OPERATIONS OF THE PETROLEUM INDUSTRY

I. Companies with Exploration and Production, Refining and Marketing Operations:

Murphy Oil Corporation
Skelly Oil Company
Standard Oil Company (Indiana)
Texaco, Incorporated
Union Oil Company of California

II. Companies with Primarily Exploration and Production Operations:

Aztec Oil & Gas Company
General American Oil Company of Texas
General Crude Oil Company
Louisiana Land & Exploration Company
Superior Oil Company

III. Companies with Primarily Refining Operations:

Edgington Oil Company
Rock Island Refining Corporation
Sunland Refining Company
Texas City Refining
U.S. Oil & Refining Company

IV. Companies with Primarily Refining and Marketing Operations:

Beacon Oil Company
Caribou Four Corners Oil Company
Little American Refining Company
Powerine Oil Company
United Refining Company

V. Companies with Primarily Marketing Operations:

East Coast Oil Corporation
Hudson Oil Company, Inc.
Martin Oil Service Company, Inc.
Sigmor Corporation
Star Service & Petroleum Company

Source: Dun & Bradstreet Million Dollar Directory, 1974 classified on the basis of each company's Standard Industrial Classification number(s) prescribed by the U.S. Office of Management and Budget.

3517 #27

3517

A. 758
EXHIBIT 27

SUMMARY OF OPERATING EXPENSES ALLOCATED TO WISCONSIN FOR SEPARATE ACCOUNTING PURPOSES

Expense	1965	1966	1967	1968
Area Expenses:				
Marketing	$181,910			
Accounting	271,391	$ 552,067	$ 407,232	$ 531,778
Other	125,988			
Advertising	534,102	426,933	383,248	337,767
Administrative	249,258	120,137	116,666	209,591
Total	$1,362,676	$1,099,137	$ 907,146	$1,079,136
Reported Loss per Wis. returns	$ 821,320	$1,159,830	$1,026,224	$ 919,575
Wis. Taxable Income if Allocated Expenses Disregarded	0*	0**	0**	0***

*Disregarding 60% +
**Disregarding 100%
***Disregarding about 85%

A. 759
EXHIBIT 28

HUMBLE OIL & REFINING COMPANY

1965 - 1968 WISCONSIN CORPORATION FRANCHISE TAX AUDIT

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HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Summary of Alternative Methods of Attributing Income to Wisconsin

Schedule A -- 1965-1968
Page 1 Of 1

Year	State's Hybrid Apportionment		Humble's Wisconsin Separate Accounting		Marketing Function Apportioned Only		Marketing & Refining Apportioned Only		Exploration And Production Separate Business or Allocation to Situs	
	Taxable Income	Tax	Taxable Income	Tax	Taxable Income	Tax	Taxable Income	Tax	Taxable Income	Tax
1965	$ 759,371	$ 52,961	($ 821,320)	$ -0-	$ 541,794	$ 37,731	$ 282,383	$ 19,572	$ 310,841	$ 21,564
1966	1,043,395	72,843	(1,159,830)	-0-	316,081	21,931	430,886	29,967	443,520	30,851
1967	1,264,946	88,351	(1,026,224)	-0-	394,993	27,455	490,252	34,123	503,182	35,028
1968	1,464,443	102,316	(919,575)	-0-	833,739	58,167	655,869	45,716	700,086	48,811
Totals	$4,532,155	$316,471	($3,926,949)	$ -0-	$2,086,607	$145,284	$1,859,390	$129,378	$1,957,629	$136,254
	(From Audit Report)		(From Wisconsin Returns)		(From Schedule D)		(From Schedule E)		(From Schedule C)	

Differences With State Audit And:

a) Separate Accounting	$8,459,104	$316,471		
b) Marketing Apportioned Only			$2,445,548	$171,187
c) Marketing And Refining Apportioned Only				$2,672,765 $187,093
d) Exploration And Production As Separate Business Or Allocation To Situs				$2,574,526 $180,217

NOTE: This schedule summarizes the resulting Wisconsin net taxable income and franchise tax liability under four alternative conclusions as to the method for arriving at the net income attributable to Humble's activities in Wisconsin during the years 1965 thru 1968.
1) Separate accounting for Wisconsin marketing activities, as reported in Humble's Wisconsin tax returns.
2) Marketing functional department's net income allocated and apportioned to Wisconsin under the statutory formula, and all other income treated as from separate out-of-state businesses.
3) Marketing and Refining functional departments' combined net income allocated and apportioned to Wisconsin under the statutory formula; and all other income treated as from separate out-of-state businesses.
4) Exploration and Production function's net income treated as (a) a separate out-of-state business, or (b) as income from "mining" allocated to situs, with all other non-allocable net income of Humble apportioned under the statutory three-factor formula.

A. 760

HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
1965 Federal Taxable Income

Schedule B - 1965
Page 1 Of 1

Line No.	Functional Operating Departments: Exploration & Production	Marketing	Refining	Marine	Enjay	Administrative	Total
1. Gross Receipts	$882,627,759	$2,593,111,862	$2,452,668,330	$106,636,099	$310,002,695	($2,278,059,887)	$4,070,986,858
2. Less: Cost of Goods Sold	72,764,620	1,524,207,591	2,273,000,657	75,274,600	153,816,840	(2,265,064,900)	1,833,999,408
3. Gross Profit	$809,863,139	$1,068,904,271	$ 179,667,673	$ 31,361,499	$156,185,855	($ 8,994,987)	$2,236,987,450
4. Dividends	146,388	382				15,833,433	15,980,203
5. Interest - U.S. Obligations	1,233	150				3,683,814	3,685,197
6. Other Interest	177,823	986,109	106	1,501	531,113	1,907,006	3,603,658
7. Gross Rents	1,722	47,691,676	1,248,586	137,671	110	2,114,621	51,194,386
8. Gross Royalties	188,775	1,210				1,907	191,892
9. Net Gains/(Losses)	5,571,653	(56,432)	151,267	(139,300)	(76,495)	634,453	6,085,146
10. Other Income	6,211,735	14,367,720	12,741,444	571,553	4,056,474	3,597,584	41,546,510
11. Total Income	$822,162,468	$1,131,895,086	$ 193,809,076	$ 31,932,924	$160,697,057	$ 18,777,831	$2,359,274,442
12. Compensation of Officers						$ 1,668,281	$ 1,668,281
13. Salaries and Wages	$ 37,927,046	$ 99,168,164	$ 63,399,488	$ 1,402,053	$ 13,499,643	15,557,513	230,953,907
14. Repairs	23,184,790	22,014,264	12,665,260	6,229,643	4,020,025	1,154,238	69,268,220
15. Bad Debts	205,309	5,987,843		69,836	21,907	734,279	7,019,174
16. Rents	17,387,891	37,018,894	3,574,250	142,646	1,070,921	1,663,227	60,857,829
17. Taxes	61,910,441	23,187,372	13,961,017	115,357	3,186,993	1,153,888	103,515,068
18. Interest	178,699	192,107	11,501		70	5,301,048	5,683,425
19. Contributions	2,513,531	795,427	37,611	1,090	2,511	1,952,654	5,302,824
20. Casualty Or Theft Losses	1,875,038	472,615	22,837		1,206,997		3,577,487
21. Amortization		328,531		1,868,472			2,197,003
22. Depreciation	95,989,108	43,982,336	52,031,551	11,718,061	15,119,269	4,807,535	223,647,860
23. Depletion	210,200,000						210,200,000
24. Advertising		22,481,809	7,346		1,392,553		23,881,708
25. (a) Pension, Profit-Sharing, Etc. Plans	8,419,566	10,714,732	12,201,438	1,921,662	931,101	2,339,792	36,528,291
(b) Other Employee Benefit Plans	5,078,654	7,369,169	7,606,377	805,431	319,368	3,466,159	24,645,158
26. Other Deductions	272,331,054	775,456,828	16,134,166	1,798,854	96,437,950	(24,048,877)	1,138,109,975
27. Total Deductions	$737,201,127	$1,049,170,091	$ 181,652,842	$ 26,073,105	$137,209,308	$ 15,749,737	$2,147,056,210
28. Federal Taxable Income - Before NOLD & Special Deductions	84,961,341	$ 82,724,995	$ 12,156,234	$ 5,859,819	$ 23,487,749	$ 3,028,094	$ 212,218,232
29. Less: (a) NOLD						13,458,418	13,583,173
(b) Special Deductions	124,430	325					
30. Federal Taxable Income	*$ 84,836,911	$ 82,724,670	$ 12,156,234	$ 5,859,819	$ 23,487,749	($ 10,430,324)	$ 198,635,059

*Special Note: This Exploration & Production Functional Net Income Figure Was Adopted In The Wisconsin Audit (Exhibit E-4.1, Page 17) To Compute Adjusted Departmental Net Income.

A. 761

HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
1966 Federal Taxable Income

Schedule B - 1966
Page 1 Of 1

Line No.		Functional Operating Departments: Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Enjay	Administrative	Total
1.	Gross Receipts	$974,831,438	$2,738,881,263	$2,492,823,766	$108,687,446	$	$	$	$144,517,244	($2,363,874,226)	$4,095,866,931
2.	Less: Cost of Goods Sold	71,190,814	1,632,219,659	2,260,452,811	70,712,714				70,260,696	(2,359,559,514)	1,745,277,180
3.	Gross Profit	$903,640,624	$1,106,661,604	$ 232,370,955	$ 37,974,732	$	$	$	$ 74,256,548	($ 4,314,712)	$2,350,589,751
4.	Dividends	19	761							19,283,040	19,283,820
5.	Interest - U.S. Obligations	1,250								3,865,666	3,866,916
6.	Other Interest	151,798	1,146,990	51,820	1,837				24,975	2,080,540	3,457,960
7.	Gross Rents		48,709,298	1,567,772						1,248,937	51,266,007
8.	Gross Royalties	233,715	1,102							622	235,439
9.	Net Gains/(Losses)	(4,405,509)	(157,229)	2,987	27,086				222	658,398	(3,874,045)
10.	Other Income	7,689,883	17,928,119	29,380,648	88,777			532,457	1,015,058	2,101,121	58,736,063
11.	Total Income	$907,311,780	$1,174,290,645	$ 263,114,182	$ 38,092,432	$	$	$532,457	$ 75,296,803	$ 24,923,612	$2,483,561,911
12.	Compensation of Officers									$ 1,488,339	$ 1,488,339
13.	Salaries and Wages	$ 38,837,366	$ 100,730,023	$ 61,583,721	$ 3,563,262	$	$	$	$ 6,449,099	22,055,042	233,218,513
14.	Repairs	13,856,075	26,166,958	17,169,314	6,811,690				1,591,330	1,315,658	66,911,025
15.	Bad Debts	368,873	9,771,831							734,279	10,874,983
16.	Rents	15,912,947	37,302,422	4,010,460	6,283		4,474		689,490	1,574,377	59,500,453
17.	Taxes	85,359,170	25,902,939	13,771,709	133,434				1,600,829	1,332,176	128,100,257
18.	Interest	69,021	227,631	26,083					29	13,548,347	13,871,111
19.	Contributions	58,523	67,709	16,081					2,755	5,433,007	5,578,075
20.	Casualty or Theft Losses	2,442,650	568,856	966,548	9,647				74,435		4,062,136
21.	Amortization	225,480	2,139,230							23,430	2,388,140
22.	Depreciation	102,095,097	49,056,747	43,344,901	13,848,401				6,640,583	3,594,429	218,580,158
23.	Depletion	233,200,000									233,200,000
24.	Advertising	17,260	23,429,890	22,993					656,612		24,126,755
25.	(a) Pension, profit-sharing, etc. Plans	7,157,175	8,494,198	9,908,527	1,592,857				422,167	2,497,430	30,072,354
	(b) Other Employee Benefit Plans	5,824,221	6,339,674	5,710,105	759,875				471,870	4,896,210	24,001,955
26.	Other Deductions	257,596,255	836,340,676	35,007,270	3,093,736	3,826,329	199,526	234,200	39,031,727	(34,318,225)	1,141,011,494
27.	Total Deductions	$763,020,113	$1,126,538,784	$ 191,537,713	$ 29,819,185	$3,826,329	$204,000	$234,200	$ 57,630,926	$ 24,174,499	$2,196,985,748
28.	Federal Taxable Income - Before HOLD & Special Deductions	$144,291,667	$ 47,751,861	$ 71,576,470	$ 8,273,247	($3,826,329)	($204,000)	$298,257	$ 17,665,877	$ 749,113	$ 286,576,163
29.	Less: (a) HOLD									16,390,584	16,390,584
	(b) Special Deductions	16	647								663
30.	Federal Taxable Income	* $144,291,651	$ 47,751,214	$ 71,576,470	$ 8,273,247	($3,826,329)	($204,000)	$298,257	$ 17,665,877	($ 15,641,471)	$ 270,184,916

* Special Note: This Exploration & Production Functional Net Income Figure Was Adopted In The Wisconsin Audit (Exhibit E-4.1, Page 17) To Compute Adjusted Departmental Net Income.

A. 762

HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
1967 Federal Taxable Income

Schedule B - 1967
Page 1 of 1

Line No.		Functional Operating Departments: Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total
1	Gross Receipts	$1,093,783,532	$3,030,095,828	$2,740,032,660	$111,538,886	$	$	$ 193,258	($2,573,070,668)	$4,402,573,496
2	Less: Cost of Goods Sold	77,046,458	1,819,537,086	2,481,078,874	71,686,229				(2,568,985,102)	1,880,363,545
3	Gross Profit	$1,016,737,074	$1,210,558,742	$ 258,953,786	$ 39,852,657	$	$	$ 193,258	($ 4,085,566)	$2,522,209,951
4	Dividends	56	390						18,100,000	18,100,446
5	Interest - U.S. Obligations	1,250							2,195,792	2,197,042
6	Other Interest	124,751	1,518,820	12,167		2,492		685,963	896,918	3,241,111
7	Gross Rents		49,987,325	1,163,365					1,173,438	52,324,128
8	Gross Royalties	162,069	1,375							163,444
9	Net Gains/(Losses)	664,260	37,284	81,573	(10,366)			799,507	874,115	2,446,373
10	Other Income	25,532,132	24,152,071	47,403,807	163,334				3,783,636	101,034,980
11	Total Income	$1,043,221,592	$1,286,256,007	$ 307,614,698	$ 40,005,625	$ 2,492	$	$ 1,678,728	$ 22,938,333	$2,701,717,475
12	Compensation of Officers	$	$	$	$	$	$	$	$ 1,378,382	$ 1,378,382
13	Salaries and Wages	53,516,561	112,685,659	58,398,537	3,609,081	284,241	325,016		28,310,996	257,330,291
14	Repairs	19,882,936	31,036,400	23,352,442	4,904,638			50,294	1,507,103	80,733,813
15	Bad Debts	85,128	10,319,901	1,102					737,080	11,143,211
16	Rents	14,108,284	43,828,065	4,378,017	6,483	146,723	29,069		2,045,123	64,541,764
17	Taxes	81,517,925	28,548,073	14,157,546	160,820	23,420	915	386,900	1,078,696	125,874,295
18	Interest	24,215	714,324	47,070		4,195		726,747	3,634,058	5,150,609
19	Contributions	66,826	28,266	1,849				1,004,089	1,766,814	2,867,844
20	Casualty or Theft Losses	2,549,690	410,155	527,409						3,487,254
21	Amortization	244,703	2,385,683	301					24,031	2,655,718
22	Depreciation	108,405,186	50,117,020	33,382,703	13,547,631	12,420	15,952	1,143,121	3,576,229	210,200,262
23	Depletion	265,400,000								265,400,000
24	Advertising		28,218,467	49,709				17,134		28,285,310
25	(a) Pension, Profit-Sharing Etc. Plans	5,768,526	7,377,145	6,977,761	1,324,315	24,217	23,798		2,518,584	24,014,346
	(b) Other Employee Benefit Plans	3,660,054	5,720,435	5,454,449	1,070,860	7,315	10,320		6,614,634	22,538,067
26	Other Deductions	273,762,559	903,337,085	70,124,153	4,731,740	7,084,446	2,334,175	188,999	(36,406,080)	1,227,157,077
27	Total Deductions	$ 828,992,593	$1,226,727,878	$ 217,053,048	$ 29,355,568	$7,586,977	$2,739,245	$3,517,284	$ 16,785,650	$2,332,758,243
28	Federal Taxable Income - Before HOLD & Special Deductions	$ 214,228,999	$ 59,528,129	$ 90,561,650	$ 10,650,057	($7,584,485)	($2,739,245)	($1,838,556)	$ 6,152,683	$ 368,959,232
29	Less: (a) HOLD								6,686	6,686
	(b) Special Deductions	48	332						15,385,000	15,385,380
30	Federal Taxable Income	* $ 214,228,951	$ 59,527,797	$ 90,561,650	$ 10,650,057	($7,584,485)	($2,739,245)	($1,838,556)	($ 9,239,003)	$ 353,567,166

* Special Note: This Exploration & Production functional net income figure was adopted in the Wisconsin audit (Exhibit E-4.1, Page 17) to compute adjusted departmental net income.

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HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
1967 Federal Taxable Income

Schedule B - 1967
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Line No.		Functional Operating Departments: Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total
1	Gross Receipts	$1,093,783,532	$3,030,095,828	$2,740,032,660	$111,538,886	$	$	$ 193,258	($2,573,070,668)	$4,402,573,496
2	Less: Cost of Goods Sold	77,046,458	1,819,537,086	2,481,078,874	71,686,229				(2,560,985,102)	1,880,363,545
3	Gross Profit	$1,016,737,074	$1,210,558,742	$ 258,953,786	$ 39,852,657	$	$	$ 193,258	($ 4,085,566)	$2,522,209,951
4	Dividends	56	390						18,100,000	18,100,446
5	Interest - U.S. Obligations	1,250							2,195,792	2,197,042
6	Other Interest	124,751	1,518,820	12,167		2,492		685,963	896,918	3,241,111
7	Gross Rents		49,987,325	1,163,365					1,173,438	52,324,128
8	Gross Royalties	162,069	1,375							163,444
9	Net Gains/(Losses)	664,260	37,284	81,573	(10,366)			799,507	874,115	2,446,373
10	Other Income	25,532,132	24,152,071	47,403,807	163,334				3,783,636	101,034,980
11	Total Income	$1,043,221,592	$1,286,236,007	$ 307,614,698	$ 40,005,625	$ 2,492	$	$ 1,678,728	$ 22,938,333	$2,701,717,475
12	Compensation of Officers	$	$	$	$	$	$	$	$ 1,378,382	$ 1,378,382
13	Salaries and Wages	53,516,561	112,685,859	58,598,537	3,609,081	284,241	325,016		28,310,996	257,330,291
14	Repairs	19,882,936	31,036,400	23,352,442	4,904,638			50,294	1,507,103	80,733,813
15	Bad Debts	85,128	10,319,901	1,102					737,080	11,143,211
16	Rents	14,108,284	43,828,065	4,378,017	6,483	146,723	29,069		2,045,123	64,541,764
17	Taxes	81,517,925	28,548,073	14,157,546	160,820	23,420	915	386,900	1,078,696	125,874,295
18	Interest	24,215	714,324	47,070		4,195		726,747	3,634,058	5,150,609
19	Contributions	66,826	28,266	1,849				1,004,089	1,766,814	2,867,844
20	Casualty or Theft Losses	2,549,690	410,155	527,409						3,487,254
21	Amortization	244,703	2,386,683	301					24,031	2,655,718
22	Depreciation	108,405,186	50,117,020	33,382,703	13,547,631	12,420	15,952	1,143,121	3,576,229	210,200,262
23	Depletion	265,400,000								265,400,000
24	Advertising		28,218,467	49,709				17,134		28,285,310
25	(a) Pension, Profit-Sharing Etc. Plans	5,768,526	7,377,145	6,977,761	1,324,315	24,217	23,798		2,518,584	24,014,346
	(b) Other Employee Benefit Plans	3,660,054	5,720,435	5,454,449	1,070,860	7,315	10,320		6,614,634	22,538,067
26	Other Deductions	273,762,559	905,337,085	70,124,153	4,731,740	7,084,446	2,334,175	188,999	(36,406,080)	1,227,157,077
27	Total Deductions	$ 828,992,593	$1,226,727,878	$ 217,053,048	$ 29,355,568	$7,586,977	$2,739,245	$3,517,284	$ 16,785,650	$2,332,758,243
28	Federal Taxable Income - Before NOLD & Special Deductions	$ 214,228,999	$ 59,528,129	$ 90,561,650	$ 10,650,057	($7,584,485)	($2,739,245)	($1,838,556)	$ 6,152,683	$ 368,959,232
29	Less: (a) NOLD								6,686	6,686
	(b) Special Deductions	48	332						15,385,000	15,385,380
30	Federal Taxable Income	*$ 214,228,951	$ 59,527,797	$ 90,561,650	$ 10,650,057	($7,584,485)	($2,739,245)	($1,838,556)	($ 9,239,003)	$ 353,567,166

* Special Note: This Exploration & Production functional net income figure was adopted in the Wisconsin audit (Exhibit E-4.1, Page 17) to compute adjusted departmental net income.

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HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
1968 Federal Taxable Income

Schedule B - 1968
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Line No.		Functional Operating Departments: Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total
1.	Gross Receipts	$1,182,864,191	$3,235,048,467	$2,863,537,827	$117,586,029	$	$	$ 341,365	($2,691,065,691)	$4,708,312,188
2.	Less: Cost Of Goods Sold	92,870,106	1,909,789,957	2,606,792,717	78,972,685				(2,690,342,608	1,998,082,857
3.	Gross Profit	$1,089,994,085	$1,325,258,510	$ 256,745,110	$ 38,613,344	$	$	$ 341,365	($ 723,083)	$2,710,229,331
4.	Dividends	75	413						11,793,000	11,793,488
5.	Interest-U.S. Obligations	625							352,295	352,920
6.	Other Interest	62,672	1,938,997	129,945	852			832,614	690,238	3,655,318
7.	Gross Rents		56,606,043	426,922					1,107,562	58,140,527
8.	Gross Royalties	75,952	1,037							76,989
9.	Net Gains/(Losses)	1,599,692	(64,120)	6,537	80,113	(97,093)		1,464,562	4,317,653	7,307,344
10.	Other Income	10,337,702	27,507,002	49,566,702	108,529	13,463		(25,545)	4,027,595	91,535,448
11.	Total Income	$1,102,070,803	$1,411,247,882	$ 306,875,216	$ 38,802,838	($ 83,630)	$	$2,612,996	$ 21,565,260	$2,883,091,365
12.	Compensation Of Officers	$	$	$	$	$	$	$	$ 1,285,259	$ 1,285,259
13.	Salaries And Wages	43,948,622	110,673,839	63,828,313	2,676,420	312,122	669,141		32,141,318	254,249,775
14.	Repairs	19,031,028	29,388,592	21,709,144	5,885,416		6,951		1,503,627	77,524,758
15.	Bad Debts	125,150	13,034,033	2,908	406,986				734,279	14,303,356
16.	Rents	14,935,851	46,528,929	5,302,683	4,353,225	116,486	248,980		4,799,931	76,286,085
17.	Taxes	87,280,436	32,348,834	15,660,205	208,819	22,041	39,648	328,963	1,095,453	136,984,419
18.	Interest	21,417	722,179	30,285	3,337	35,931		326,655	11,886,124	13,025,928
19.	Contributions	1,294,352	70,312	(7,676)				318,679	10,590,500	12,266,167
20.	Casualty Or Theft Losses	1,935,812	703,515	1,087,981	942,231			984		4,670,523
21.	Amortization	281,738	2,457,757					66,728	25,362	2,831,585
22.	Depreciation	116,099,483	57,171,726	50,039,957	6,833,915	37,583	49,583	813,387	3,190,366	234,236,000
23.	Depletion	285,000,000								285,000,000
24.	Advertising		26,967,350	17,170						26,984,520
25.	(a) Pension, Profit-Sharing, ETC. Plans	4,809,249	6,210,984	5,997,590	1,080,897	22,318	34,075		2,332,179	20,487,292
	(b) Other Employee Benefit Plans	4,451,308	6,506,528	6,518,427	637,099	13,216	24,447		6,521,038	24,672,063
26.	Other Deductions	286,080,826	960,193,443	77,127,969	6,572,840	6,635,915	4,287,757	307,442	(52,497,326)	1,288,708,866
27.	Total Deductions	$ 865,295,272	$1,292,978,021	$ 247,314,956	$ 29,601,185	$7,195,632	$5,360,582	$ 2,162,838	$ 23,608,110	$2,473,516,596
28.	Federal Taxable Income-Before NOLD And Special Deductions	$ 236,775,531	$ 118,269,861	$ 59,560,260	$ 9,201,653	($7,279,262)	($5,360,582)	$ 450,158	($ 2,042,850)	$ 409,574,769
29.	Less: (a) NOLD								10,024,050	10,024,465
	(b) Special Deductions	64	351							
30.	Federal Taxable Income	*$ 236,775,467	$ 118,269,510	$ 59,560,260	$ 9,201,653	($7,279,262)	($5,360,582)	$ 450,158	($ 12,066,900)	$ 399,550,304

* Special Note: This Exploration & Production Functional Net Income Figure Was Adopted In The Wisconsin Audit (Exhibit E-4.1, Page 17) To Compute Adjusted Departmental Net Income

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HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
Reconciliation of 1965 Federal Taxable Income With 1965 Wisconsin Adjusted Net Income

Schedule C - 1965
Page 1 Of 4

	Functional Operating Departments							
	Exploration & Production	Marketing	Refining	Marine	Enjay	Administrative	Total	
Federal Taxable Income - Before Special Deductions	$ 84,961,341	$82,724,995	$12,156,234	$ 5,859,819	$23,487,749	$3,028,094	$212,218,232	From Line 28, Schedule B
Adjustments:								
Contributions Deducted	2,513,531	795,427	37,611	1,090	2,511	1,952,654	5,302,824	
Municipal Interest Deducted			136			131,585	131,721	
Percentage Depletion Deducted	210,200,000						210,200,000	
Depreciation & Amortization Deducted	95,989,108	44,310,867	52,031,551	13,586,533	15,119,269	4,807,535	225,844,863	
Allowable Depreciation & Amortization	(94,303,000)	(44,850,000)	(57,270,000)	(11,525,000)	(25,230,000)	(2,915,683)	(236,093,683)	
Allowable Cost Depletion	(9,129,210)						(9,129,210)	
Bad Debts		280,801		69,836	2,582,350	734,093	3,667,080	
COPP - Proceeds	(49,877,000)						(49,877,000)	
COPP - Repayments	51,634,169						51,634,169	
Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deductions)	$291,988,939	$ 83,262,090	$ 6,955,532	$ 7,992,278	$15,961,879	$7,738,278	$413,898,996	
Federal Income Tax Deductible							(6,817,243)	
Contributions Deductible							(3,487,101)	
Adjusted Net Income - Wisconsin Basis							$403,594,652	
Net Allocable (Income)/Loss Exploration & Production Dept.						($283,992,769)		
Other Net Allocable (Income)/ Loss						(15,544,522)	(299,537,291)	From Page 2
Apportionable Income							$104,057,361	
Percent to Wisconsin-(Per Page 3)							.3954%	
Net Income Apportioned to Wisconsin							$ 411,443	
Wisconsin Allocable Income/(Loss)							(100,602)	
Wisconsin Net Taxable Income - (Excluding Exploration & Production And Other Allocable Net Income Or Loss)							$ 310,841	To Schedule A
Tax:								
On 1st $6,000 - $225							225	
On Excess - 7%							21,339	
Total Tax							21,564	To Schedule A

A. 766

HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
1965 Net Allocable Income

Schedule C - 1965
Page 2 Of 4

	Functional Operating Departments							
	Exploration & Production	Marketing	Refining	Marine	Enjay	Administrative	Total	
Income Which Follows Residence of Taxpayer								
Dividend Income	$ 146,388	$ 382	$	$	$	$15,833,433	$ 15,980,203	
Interest Income	179,056	986,259	242	1,501	531,113	5,722,405	7,420,576	
Interest Expense	(178,699)	(192,107)	(11,501)		(70)	(5,301,048)	(5,683,425)	
Net Dividends & Interest Income	$ 146,745	$794,534	($ 11,259)	$ 1,501	$531,043	$16,254,790	$ 17,717,354	
Royalties - Net	188,775	1,210				1,907	191,892	
Sub-Total	$ 335,520	$795,744	($ 11,259)	$ 1,501	$531,043	$16,256,697	$ 17,909,246	
Income Which Follows Situs of Property								
Income (Losses) - Other Than Departmental								
Gains/(Losses) On Sales Of Assets	$ 5,571,653	($ 56,432)	$ 151,267	($139,300)	($ 76,495)	$ 634,453	$ 6,085,146	
Casualty Losses-Fixed Assets	(98,638)	(98,488)	(495)		12,237		(185,384)	
Plant & Equipment-Retirement Losses	(779,993)	(791)	(2,922,953)	(704)	(100,984)	(36,980)	(3,842,405)	
Material Disposal Gains/(Losses)	(118,706)	(120,847)	107,732	(517)	3,157		(129,181)	
Gain On Sale Of Stock Material	34,159	(1,072)					33,087	
Land Sales		415,472					415,472	
Departmental Allocable Income/(Loss)								
Exploration & Production And Other Situs Operations - Net Income On Wisconsin Basis (Before FIT & Contributions Deduction)- Less Other Allocable Income	287,044,944						287,044,944	
Marine Department Charter Revenue				500,000			500,000	
Sub-Total	$291,653,419	$137,842	($2,664,449)	$359,479	($162,085)	$ 597,473	$289,921,679	
Total Allocable Income/(Loss)	$291,988,939	$933,586	($2,675,708)	$360,980	$368,958	$16,854,170	$307,830,925	
* Adjustment For Administrative Department Expense	(684,565)	(2,189)	6,273	(846)	(865)	(39,515)	(721,707)	
Allocable Income/(Loss)-Before FIT Deduction	$291,304,374	$931,397	($2,669,435)	$360,134	$368,093	$16,814,655	$307,109,218	
Federal Income Taxes	(4,798,074)	(15,341)	43,968	(5,932)	(6,063)	(276,954)	(5,058,396)	
Allocable Income-Before Contributions	$286,506,300	$916,056	($2,625,467)	$354,202	$362,030	$16,537,701	$302,050,822	
Exploration & Production And Other Situs Operations Contributions	(2,513,531)						(2,513,531)	
Net Allocable Income/(Loss)	$283,992,769	$916,056	($2,625,467)	$354,202	$362,030	$16,537,791	$299,537,291 (1)	To Page 1
(1) Exploration & Production Department Net Allocable Income	$283,992,769							
Other Net Allocable Income or (Loss)	15,544,522							
Net Allocable Income/(Loss)	$299,537,291							
* Percent Of Administrative Department Expense	70.5459%	.2256%	(.6465%)	.0872%	4.0721%	.0891%	74.3734%	From Page 4

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HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
Calculation of 1965 Apportionment Factor

	12/31/64		12/31/65	
	Wisconsin	Total	Wisconsin	Total
I. Total Net Tangible Property - Per Books	$11,486,028	$3,113,837,517	$12,027,654	$3,245,702,266
Adjustments:				
1. Net Tangible Property - Exploration & Production and Other Situs Operations		(1,679,834,663)		(1,706,583,851)
2. Incomplete Construction - Other than Exploration & Production and Other Situs Operations	(630,669)	(50,662,052)	(415,118)	(71,479,381)
3. Marine Department Net Tangible Property Applicable to Allocable Charter Income		(2,400,000)		(4,700,000)
Totals - End of Year	$10,855,359	$1,380,940,802	$11,612,536	$1,462,939,034
Totals Beginning of Year			10,855,35[illegible]	1,380,940,802
Combined Totals			$22,467,89[illegible]	$2,843,879,836
Average			$11,233,94[illegible]	$1,421,939,918
Percent to Wisconsin			.7900%	
II. Cost of Manufacturing			$ -0-	$2,273,000,657
Percent to Wisconsin			.0000%	
III. Total Sales - Per Wisconsin and Federal Returns			$12,987,634	$4,070,986,858
Adjustments:				
1. Sales - Exploration & Production and Other Situs Operations				(882,627,759)
2. Interdepartmental Sales - Exploration & Production and Other Situs Operations				703,131,971
3. Taxes on Products Sold				(604,793,382)
4. Cash Discounts				(3,518,128)
5. Allocable Marine Department Charter Revenue				(6,390,322)
6. Additional Wisconsin Sales			(7,490)	
Totals - Adjusted Sales			$12,980,144	$3,276,789,238
Percent to Wisconsin			.3961%	
Total Percents			1.1861%	
Average Percent			.3954%	

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HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
Adjustment For Administrative Department Expenses And Federal Income Tax Deduction Assignable to Allocable Income

I. A. Total Allocable Income	$307,830,925	
B. Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	$413,898,996	
C. Ratio Of A to B	74.3734%	To Page 2
Administrative Department Net Loss From Operations - Per Books	$ 970,383	
Ratio (I. C Above)	74.3734%	
Administrative Department Expenses Attributable To Allocable Income	$ 721,707	
II. A. Federal Income Tax Deductible	$ 6,817,2[illegible]3	
B. Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	$413,898,[illegible]96	
C. Ratio Of A To B	1.6471%	

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HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
Reconciliation of 1966 Federal Taxable Income With 1966 Wisconsin Adjusted Net Income

Schedule C - 1966
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	Functional Operating Departments										
	Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Enjoy	Administrative	Total	
Federal Taxable Income Before Special Deductions	$144,291,667	$47,751,861	$71,576,470	$ 8,273,267	($3,826,329)	($204,000)	$298,257	$17,665,877	$ 749,113	$386,376,163	From Line 28, Schedule B
Adjustments:											
Contributions Deducted	58,523	67,709	16,081							3,370,073	
Municipal Interest Deducted			135					2,735	5,433,007	418,930	
Percentage Depletion Deducted	233,300,000								416,783	233,300,000	
Depreciation & Amortization Deducted	102,320,577	51,195,977	43,344,901	13,048,401						270,968,298	
Allowable Depreciation & Amortization	(102,316,000)	(49,371,000)	(48,326,000)	(12,096,000)				6,640,383	3,617,030	(229,565,919)	
Allowable Cost Depletion	(15,994,658)							(14,485,919)	(3,051,000)	(15,994,658)	
Bad Debts	300,000	3,564,368		(60,036)						465,729	
COPP - Proceeds	(41,124,000)							(4,293,118)	806,246	(41,124,000)	
COPP - Repayments	56,482,131									56,482,131	
Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deductions)	$377,236,318	$53,208,885	$66,611,367	$ 9,165,632	($3,826,329)	($204,000)	$298,257	$ 3,638,378	$7,974,618	$316,864,728	
Federal Income Tax Deductible										(42,638,756)	
Contributions Deductible										(3,378,873)	
Adjusted Net Income-Wisconsin Basis										$468,647,897	
Net Allocable (Income)/Loss											
Exploration & Production Department										($364,044,538)	
Other Net Allocable (Income)/Loss										(8,332,744)	(352,377,282) From Page 3
Apportionable Income										$116,270,615	
Percent to Wisconsin - (Per Page 3)										.43765	
Net Income Apportioned to Wisconsin										$ 508,880	
Wisconsin Allocable Income/(Loss)										(62,280)	
Wisconsin Net Taxable Income -(Excluding Exploration & Production And Other Allocable Net Income Or Loss)										$ 443,520	To Schedule A
Tax:											
On 1st 6,000 - 4%										$ 239	
On Excess - 7%										30,638	
Total Tax										$ 30,851	To Schedule A

HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
1966 Net Allocable Income

Schedule C - 1966
Page 2 Of 4

	Functional Operating Departments									
	Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Enjoy	Administrative	Total
Income Which Follows Residence of Taxpayer										
Dividend Income	$ 19	$ 761	$	$	$	$	$		$19,283,040	$ 19,283,820
Interest Income	153,048	1,146,990	51,955	1,837				74,975	6,364,991	7,743,796
Interest Expense	(69,021)	227,631)	(26,083)						(13,548,347)	(13,871,111)
Net Dividends & Interest Income	$ 84,046	$ 920,120	$ 25,872	$ 1,837	$	$	$	$ 29)	$12,099,684	$ 13,156,505
Royalties - Net	233,715	1,102						$24,946	622	235,439
Sub-Total	$ 317,761	$ 921,222	$ 25,872	$ 1,837	$	$	$	$24,946	$12,100,306	$ 13,391,944
Income Which Follows Situs of Property										
Income/(Losses)-Other Than Departmental										
Gains/(Losses) Sales Of Assets	($ 4,405,509)	($ 157,229)	$ 2,987	$ 27,086				$ 222	$ 658,398	($ 3,874,045)
Casualty Losses-Fixed Assets	(301,612)	(69,746)	(533)	(9,647)				(91)		(381,629)
Plant & Equipment-Retirement Losses	(1,811,076)	(190,047)	(1,119,568)					(23,259)		(3,143,950)
Material Disposal Gains/(Losses)	(365,984)	(80,535)	(40,971)	(6,654)				5,871		(488,273)
Land Sales										
Gain on Sale of Stock Material	9,381	(6,787)								2,594
Departmental Allocable Income/(Loss)										
Exploration & Production and Other Situs Operations-Net Income On Wisconsin Basis (Before FIT & Contributions Deduction)-	383,793,357				(3,826,329)	(204,000)	(298,257)			379,464,771
Less Other Allocable Income				1,400,000						1,400,000
Marine Department Charter Revenue										
Sub-Total	$376,918,557	($ 504,344)	($1,158,085)	$1,410,785	($3,826,329)	($204,000)	($298,257)	($17,257)	$ 658,398	$372,979,468
Total Allocable Income/(Loss)	$377,236,318	$ 416,878	($1,132,213)	$1,412,622	($3,826,329)	($204,000)	($298,257)	$ 7,689	$12,758,704	$386,371,412
*Adjustment For Administrative Department Expense	(2,194,154)	(2,426)	6,587	(8,216)	22,256	1,186	1,735	(45)	(74,210)	(2,247,287)
Allocable Income/(Loss)-Before FIT Deduction	$375,042,164	$ 414,452	($1,125,626)	$1,404,406	($3,804,073)	($202,814)	($296,522)	$ 7,644	$12,684,494	$384,124,125
Federal Income Taxes	(30,939,103)	(34,190)	92,859	(115,856)	313,816	16,730	24,462	(631)	(1,046,407)	(31,688,320)
Allocable Income-Before Contributions	$344,103,061	$ 380,262	($1,032,767)	$1,288,550	($3,490,257)	($186,084)	($272,060)	$ 7,013	$11,638,087	$352,435,805
Less Exploration & Production And Other Situs Operations Contributions	(58,523)									(58,523)
Net Allocable Income/(Loss)	$344,044,538	$ 380,262	($1,032,767)	$1,288,550	($3,490,257)	($186,084)	($272,060)	$ 7,013	$11,638,087	$352,377,282 (1) To Page 1
(1) Exploration & Production Department Net Allocable Income	$344,044,538									
Other Net Allocable Income/(Loss)	8,332,744									
Net Allocable Income/(Loss)	$352,377,282									
*Percent Of Administrative Department Expense	72.9855%	.0807%	(.2191%)	.2733%	(.7403%)	(.0395%)	(.0577%)	.0015%	2.4685%	74.7529% From Page 4

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HUMBLE OIL & REFINING COMPANY

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1965-1968 Wisconsin Corporation Franchise Tax Audit
Calculation of 1966 Apportionment Factor

	12/31/65		12/31/66	
	Wisconsin	Total	Wisconsin	Total
I. Total Net Tangible Property - Per Books	$12,027,654	$3,245,702,266	$14,378,381	$3,243,630,952
Adjustments:				
1. Net Tangible Property - Exploration & Production and Other Situs Operations		(1,706,583,851)		(1,744,405,245)
2. Incomplete Construction - Other than Exploration & Production and Other Situs Operations	(415,118)	(71,479,381)	(921,250)	(74,372,637)
3. Marine Department Net Tangible Property Applicable to Allocable Charter Income		(4,700,000)		(4,700,000)
Totals - End of Year	$11,612,536	$1,462,939,034	$13,457,131	$1,420,153,070
Totals - Beginning of Year			11,612,536	1,462,939,034
Combined Totals			$25,069,667	$2,883,092,104
Average			$12,534,834	$1,441,546,052
Percent to Wisconsin			.8695%	
II. Cost of Manufacturing			$ -0-	$2,260,452,811
Percent to Wisconsin			.0000%	
III. Total Sales - Per Wisconsin and Federal Returns			$14,050,904	$4,095,866,931
Adjustments:				
1. Sales - Exploration & Production and Other Situs Operations				(974,831,438)
2. Interdepartmental Sales - Exploration & Production and Other Situs Operations				750,964,073
3. Taxes on Products Sold				(621,275,049)
4. Cash Discounts				(3,884,188)
5. Allocable Marine Department Charter Revenue				(7,815,671)
6. Additional Wisconsin Sales			307,155	
Totals - Adjusted Sales			$14,358,059	$3,239,024,658
Percent to Wisconsin			.4433%	
Total Percents			1.3128%	
Average Percent			.4376%	To Page 1

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HUMBLE OIL & REFINING COMPANY

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1965-1968 Wisconsin Corporation Franchise Tax Audit
Adjustment for Administrative Department Expenses and
Federal Income Tax Deduction Assignable to Allocable Income

I. A. Total Allocable Income	$386,371,412
B. Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	$516,864,728
C. Ratio of A to B	74.7529% To Page 2
Administrative Department Net Loss From Operations - Per Books	$ 3,006,287
Ratio (I. C. above)	74.7529%
Administrative Department Expenses Attributable to Allocable Income	$ 2,247,287
II. A. Federal Income Tax Deductible	$ 42,638,820
B. Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	$516,864,728
C. Ratio of A to B	8.2495%

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HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
Reconciliation of 1967 Federal Taxable Income with 1967 Wisconsin Adjusted Net Income

Schedule C - 1967
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	Functional Operating Departments									
	Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total	
Federal Taxable Income Before Special Deductions	$216,228,999	$30,530,129	$90,561,650	$10,650,057	($7,564,483)	($3,730,245)	($1,636,556)	$6,152,683	$340,950,232	From Line 20, Schedule B
Adjustments:										
Contributions Deducted	66,826	38,366	1,849				1,004,000	1,766,814	2,867,844	
Municipal Interest Deducted			135				51,497	548,415	600,047	
Percentage Depletion Deducted	265,400,000								265,400,000	
Depreciation & Amortization Deducted	108,649,589	32,503,703	33,303,004	13,567,631	12,420	15,952	1,143,121	3,600,360	232,655,980	
Allowable Depreciation & Amortization	(107,657,000)	(56,094,000)	(61,766,000)	(12,429,000)	(20,000)	(12,000)	(710,000)	(2,371,730)	(241,359,730)	
Allowable Cost Depletion	(13,863,282)								(13,863,282)	
Bad Debts	(125,504)	4,081,882						808,053	4,764,430	
CDPP - Proceeds	(38,710,000)								(38,710,000)	
CDPP - Expenses	43,843,737								43,843,737	
Adjusted Net Income - Wisconsin Basis (Before FIT & Contribution Deductions)	$471,833,685	$9,347,979	$62,190,638	$11,766,688	($7,592,065)	($2,735,293)	$ 150,151	$10,304,998	$485,350,286	
Federal Income Tax Deductible Contributions Deductible									(60,535,629)	
Adjusted Net Income - Wisconsin Basis									(2,867,844)	
Net Allocable (Income)/Loss									$422,954,613	
Exploration & Production Department									($423,222,780)	
Other Net Allocable (Income)/Loss									(9,011,398)	
Apportionable Income									(432,234,187)	From Page 2
Percent to Wisconsin--(For Page 3)									$189,720,426	
Net Income Apportioned to Wisconsin									.44715	
Wisconsin Allocable Income/(Loss)									$ 530,059	
Wisconsin Net Taxable Income-- (Excluding Exploration & Production and Other Allocable Net Income or Loss)									(28,077)	
Tax:									$ 502,182	To Schedule A
On First $6,000 -- 3%									$ 323	
On Excess -- 7%									34,803	
Total Tax									$ 35,126	To Schedule A

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HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
1967 Net Allocable Income

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	Functional Operating Departments								
	Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total
Income Which Follows Residence of Taxpayer									
Dividend Income	$ 56	$ 390	$	$	$	$	$	$18,100,000	$ 18,100,446
Interest Income	126,001	1,518,820	12,302		2,492		737,460	3,641,125	6,038,200
Interest Expense	(24,215)	(714,324)	(47,070)		(4,195)		(726,747)	(3,434,058)	(5,150,609)
Net Dividends And Interest Income	($ 101,842	$ 804,886	($ 34,768)	$	($ 1,703)	$	$ 10,713	$18,107,067	$ 18,988,037
Royalties - Net	162,069	1,375							163,444
Sub-Total	$ 263,911	$ 806,261	($ 34,768)	$	($ 1,703)	$	$ 10,713	$18,107,067	$ 19,151,481
Income Which Follows Situs Of Property									
Income/(Losses)-Other Than Departmental									
Gains/(Losses) On Sale Of Assets	$ 664,260	$ 37,284	$ 81,573	($ 10,366)	$	$	$ 799,507	$ 874,115	$ 2,446,373
Casualty Losses-Fixed Assets	(271,554)	(25,019)	(1,465)						(298,038)
Plant And Equipment-Retirement Losses	(1,832,719)	(446)	(1,353,393)						(3,186,558)
Land Sales									
Gain On Sale Of Stock Material	35,380	(10,125)							25,255
Material Disposal Gains/(Losses)	(514,121)	7,929	(237,717)	368					(743,541)
Departmental Allocable Income									
Exploration & Production And Other Situs Operations - Net Income On Wisconsin Basis (Before FIT And Contributions Deduction) - Less Other Allocable Income	473,488,528				(7,590,362)	(2,735,293)	(660,069)		462,502,804
Marine Department Charter Revenue				3,100,000					3,100,000
Sub-Total	$471,569,774	$ 9,623	($1,511,002)	$3,090,002	($7,590,362)	($2,735,293)	$ 139,438	$ 874,115	$463,846,295
Total Allocable Income/(Loss)	$471,833,685	$ 815,884	($1,545,770)	$3,090,002	($7,592,065)	($2,735,293)	$ 150,151	$18,981,182	$482,997,776
*Adjustment For Administrative Department Expense	(1,511,890)	(2,615)	4,952	(9,900)	24,326	8,766	(481)	(60,821)	(1,547,663)
Allocable Income/(Loss) - Before FIT Deduction	$470,321,795	$ 813,269	($1,540,818)	$3,080,102	($7,567,739)	($2,726,527)	$ 149,670	$18,920,361	$481,450,113
Federal Income Taxes	(47,032,180)	(81,327)	154,082	(308,010)	756,774	272,653	(14,967)	(1,892,036)	(48,145,011)
Allocable Income Before Contributions	$423,289,615	$ 731,942	($1,386,736)	$2,772,092	($6,810,965)	($2,453,874)	$ 134,703	$17,028,325	$433,305,102
Exploration & Production And Other Situs Operations Contributions	(66,826)						(1,004,089)		(1,070,915)
Net Allocable Income/(Loss)	$423,222,789	$ 731,942	($1,386,736)	$2,772,092	($6,810,965)	($2,453,874)	($ 869,386)	$17,028,325	$432,234,187 (1) To Page 1
(1) Exploration & Production Department Net Allocable Income	$423,222,789								
Other Net Allocable Income or (Loss)	9,011,398								
Net Allocable Income/(Loss)	$432,234,187								
*Percent Of Administrative Department Expense	77.9429%	.1348%	(.2553%)	.5104%	(1.2541%)	(.4519%)	.0248%	3.1355%	79.7871% From Page 4

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HUMBLE OIL & REFINING COMPANY

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1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Calculation Of 1967 Apportionment Factor

	12/31/66		12/31/67	
	Wisconsin	Total	Wisconsin	Total
I. Total Net Tangible Property-Per Books	$14,378,381	$3,243,630,952	$15,718,233	$3,520,220,731
Adjustments:				
1. Net Tangible Property-Exploration & Production And Other Situs Operations		(1,744,405,245)		(1,845,287,774)
2. Incomplete Construction-Other Than Exploration & Production And Other Situs Operations	(921,250)	(74,372,637)	(259,200)	(127,472,028)
3. Marine Department Net Tangible Property Applicable to Allocable Charter Income		(4,700,000)		(2,400,000)
Totals - End Of Year	$13,457,131	$1,420,153,070	$15,459,033	$1,545,060,929
Totals - Beginning Of Year			13,457,131	1,420,153,070
Combined Totals			$28,916,164	$2,965,213,999
Average			$14,458,082	$1,482,607,000
Percent To Wisconsin			.9752%	
II. Cost Of Manufacturing			$	$2,481,078,874
Percent To Wisconsin			.0000%	
III. Total Sales-Per Wisconsin And Federal Returns			$16,281,720	$4,402,573,496
Adjustments:				
1. Sales-Exploration & Production And Other Situs Operations				(1,093,976,790)
2. Interdepartmental Sales-Exploration & Production And Other Situs Operations				831,899,537
3. Taxes On Products Sold				(677,457,213)
4. Cash Discounts				(4,284,102)
5. Allocable Marine Department Charter Revenue				(10,026,937)
6. Additional Wisconsin Sales			68,610	
Totals-Adjusted Sales			$16,350,330	$3,448,727,991
Percent To Wisconsin			.4741%	
Total Percents			1.4493%	
Average Percent			.4831%	To Page 1

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HUMBLE OIL & REFINING COMPANY

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1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Adjustment For Administrative Department Expenses And Federal Income Tax Deduction Assignable To Allocable Income

I. A.	Total Allocable Income	$482,997,776
B.	Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	605,358,288
C.	Ratio Of A To B	79.7871% To Page 2
	Administrative Department Net Loss From Operations - Per Books	$ 1,939,741
	Ratio (I. C Above)	79.7871%
	Administrative Department Expenses Attributable To Allocable Income	$ 1,547,663
II. A.	Federal Income Tax Deductible	60,535,829
B.	Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	$605,358,288
C.	Ratio Of A To B	10.0000%

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HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Reconciliation Of 1968 Federal Taxable Income With 1968 Wisconsin Adjusted Net Income

	Functional Operating Departments									
	Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total	
Federal Taxable Income-Before Special Deductions	$236,775,531	$118,269,861	$59,560,260	$9,201,653	($7,279,262)	($5,360,582)	$ 450,158	($ 2,042,850)	$409,574,769	From Line 28, Schedule B
Adjustments:										
Contributions Deducted	1,294,352	70,312	(7,676)				318,679	10,590,500	12,266,167	
Municipal Interest Deducted	331		135				47,500	3,066	51,032	
Percentage Depletion Deducted	285,000,000								285,000,000	
Depreciation And Amortization Deducted	116,381,221	59,629,483	50,039,957	6,833,915	37,583	49,583	880,115	3,215,728	237,067,585	
Allowable Depreciation And Amortization	(114,826,000)	(64,458,000)	(69,943,000)	(7,298,000)	(33,000)	(37,000)	(194,000)	(2,792,653)	(259,581,653)	
Allowable Cost Depletion	(16,793,795)								(16,793,795)	
Bad Debts	5,859	3,901,896						734,114	4,641,869	
COPP - Proceeds	(23,046,000)								(23,046,000)	
COPP - Repayments	40,015,573								40,015,573	
Adjusted Net Income-Wisconsin Basis (Before FIT And Contribution Deductions)	$524,807,072	$117,413,552	$39,649,676	$8,737,568	($7,274,679)	($5,347,999)	$1,502,452	$ 9,707,995	$689,195,547	
Federal Income Tax Deductible									(68,919,555)	
Contributions Deductible									(12,266,167)	
Adjusted Net Income - Wisconsin Basis									$608,009,825	
Net Allocable (Income)/Loss										
Exploration & Production Department									($467,810,179)	
Other Net Allocable (Income)/Loss									5,724,449	
Apportionable Income									(462,085,730)	From Page 2
Percent To Wisconsin - (Per Page 3)									$145,924,093	
Net Income Apportioned To Wisconsin									.45017	
Wisconsin Allocable Income/(Loss)									$ 656,804	
Wisconsin Net Taxable Income - (Excluding Exploration & Production And Other Allocable Net Income Or Loss)									43,282	
Tax:									$ 700,086	To Schedule A
On 1st $6,000 - $225									$ 212	
On Excess - 7%									48,599	
Total Tax									$ 48,811	To Schedule A

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HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
1968 Net Allocable Income

	Functional Operating Departments								
	Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total
Income Which Follows Residence of Taxpayer									
Dividend Income	$ 75	$ 413	$	$	$	$	$	$11,793,000	$ 11,793,488
Interest Income	63,628	1,938,997	130,080	852			880,114	1,045,599	4,059,270
Interest Expense	(21,417)	(722,179)	(30,285)	(3,337)	(35,931)		(326,655)	(11,886,124)	(13,025,928)
Net Dividends And Interest Income	$ 42,286	$1,217,231	$ 99,795	($ 2,485)	($ 35,931)	$	$ 553,459	$ 952,475	$ 2,826,830
Royalties-Net	75,952	1,037							76,989
Sub-Total	$ 118,238	$1,218,268	$ 99,795	($ 2,485)	($ 35,931)	$	$ 553,459	$ 952,475	$ 2,903,819
Income Which Follows Situs Of Property									
Income/(Losses)-Other Than Departmental									
Gains/(Losses) On Sales Of Assets	$1,599,692	($ 64,120)	$ 6,537	$ 80,113	($ 97,093)	$	$1,464,362	$ 4,317,653	$ 7,307,344
Casualty Losses-Fixed Assets	(376,860)	(19,375)		(18,233)			(984)		(415,452)
Plant And Equipment-Retirement Loans	(1,905,110)	(2,951,193)	(1,176,259)						(6,032,562)
Material Disposal Gains/(Losses)	169,852	(14,826)	(356,316)	528					(200,762)
Land Sales									
Departmental Allocable Income/(Loss)									
Exploration & Production And Other Situs Operations-Net Income On Wisconsin Basis (Before FIT And Contributions Deduction)-Less Other Allocable Income	$25,201,260				(7,141,655)	(5,347,999)	(514,585)		$12,197,021
Marine Department Charter Revenue				3,000,000					3,000,000
Sub-Total	$524,688,834	($3,049,514)	($1,526,038)	$3,062,408	($7,238,748)	($5,347,999)	$ 948,993	$ 4,317,653	$515,855,589
Total Allocable Income/(Loss)	$524,807,072	($1,831,246)	($1,426,243)	$3,059,923	($7,274,679)	($5,347,999)	$1,502,452	$ 5,270,128	$518,759,408
*Adjustment For Administrative Department Expense	(3,579,815)	12,491	9,727	(20,873)	49,620	36,481	(10,248)	($ 35,945)	(3,538,562)
Allocable Income/(Loss)-Before FIT Deduction	$521,227,257	($1,818,755)	($1,416,516)	$3,039,050	($7,225,059)	($5,311,518)	$1,492,204	$ 5,234,183	$515,220,846
Federal Income Taxes	(52,122,726)	181,875	141,652	(303,905)	722,506	531,152	(149,221)	(523,418)	(51,522,085)
Allocable Income-Before Contributions	$469,104,531	($1,636,880)	($1,274,864)	$2,735,145	($6,502,553)	($4,780,366)	$1,342,983	$ 4,710,765	$463,698,761
Exploration & Production And Other Situs Operations Contributions	(1,294,352)						(318,679)		(1,613,031)
Net Allocable Income/(Loss)	$467,810,179	($1,636,880)	($1,274,864)	$2,735,145	($6,502,553)	($4,780,366)	$1,024,304	$ 4,710,765	$462,085,730 (1) To Page 1
(1) Exploration & Production Department Net Allocable Income	$467,810,179								
Other Net Allocable Income or (Loss)	(5,724,449)								
Net Allocable Income/(Loss)	$462,085,730								
* Percent Of Administrative Department Expense	72.1478%	(.2457%)	(.2069%)	.4440%	(1.0555%)	(.7760%)	.2180%	.7646%	75.2703% From Page 4

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1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Calculation Of 1968 Apportionment Factor

	12/31/67		12/31/68		
	Wisconsin	Total	Wisconsin	Total	
I. Total Net Tangible Property-Per Books	$15,718,233	$3,520,220,731	$13,668,306	$3,897,803,087	
Adjustments:					
1. Net Tangible Property-Exploration & Production And Other Situs Operations		(1,845,287,774)		(2,075,112,892)	
2. Incomplete Construction - Other Than Exploration & Production And Other Situs Operations	(259,200)	(127,472,028)	(48,759)	(153,883,785)	
3. Marine Department Net Tangible Property Applicable To Allocable Charter Income		(2,400,000)			
Totals - End Of Year	$15,459,033	$1,545,060,929	$13,619,547	$1,668,806,410	
Totals - Beginning Of Year			15,459,033	1,545,060,929	
Combined Totals			$29,078,580	$3,213,867,339	
Average			$14,53[illegible]90	$1,606,933,670	
Percent To Wisconsin			.9048%		
II. Cost Of Manufacturing			$	$2,606,792,717	
Percent To Wisconsin			.0000%		
III. Total Sales - Per Wisconsin And Federal Returns			$16,117,975	$4,708,312,108	
Adjustments:					
1. Sales - Exploration & Production And Other Situs Operations				(1,183,205,556)	
2. Interdepartmental Sales - Exploration & Production And Other Situs Operations				888,233,609	
3. Taxes On Products Sold				(719,189,607)	
4. Cash Discounts				(4,643,126)	
5. Allocable Marine Department Charter Revenue				(11,139,577)	
6. Additional Wisconsin Sales			266,785		
Totals - Adjusted Sales			$16,384,760	$3,678,367,931	
Percent To Wisconsin			.4454%		
Total Percents			1.3502%		
Average Percent			.4501%		To Page 1

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HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Adjustment For Administrative Department Expenses And Federal Income Tax Deduction Assignable To Allocable Income

I.	A	Total Allocable Income	$518,759,408	
	B	Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	689,195,547	
	C	Ratio Of A To B	75.2703%	To Page 2
		Administrative Department Net Loss From Operations - Per Books	$ 4,701,140	
		Ratio (I. C Above)	75.2703%	
		Administrative Department Expenses Attributable To Allocable Income	$ 3,538,562	
II.	A	Federal Income Tax Deductible	$ 68,919,555	
	B	Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deduction)	689,195,547	
	C	Ratio Of A TO B	10.0000%	

A. 781

HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Allocation And Apportionment Of Marketing Department

Schedule D--1965-1968
Page 1 Of 2

	1965	1966	1967	1968	
Federal Taxable Income Before Special Deductions	$82,724,995	$47,751,861	$59,528,129	$118,269,861	From Schedule B, Line 28
Adjustments:					
Contributions Deducted	795,427	67,709	28,266	70,312	
Municipal Interest Deducted					
Percentage Depletion Deducted					
Depreciation And Amortization Deducted	44,310,867	51,195,977	52,503,703	59,629,483	
Allowable Depreciation & Amortization	(44,850,000)	(49,371,000)	(56,894,000)	(64,458,000)	
Allowable Cost Depletion					
Bad Debts	280,801	3,564,348	4,081,881	3,901,896	
COPP-Proceeds					
COPP-Repayments					
Adjusted Net Income (Wisconsin Basis) Before FIT And Contributions	$83,262,090	$53,208,895	$59,247,979	$117,413,552	
Federal Income Tax Deductible	(1,371,410)	(4,389,468)	(5,924,798)	(11,741,355)	
Contributions Deductible	(795,427)	(67,709)	(28,266)	(70,312)	
Adjusted Net Income (Wisconsin Basis)	$81,095,253	$48,751,718	$53,294,915	$105,601,885	
Net Allocable (Income)/Loss	(916,056)	(380,262)	(731,942)	1,636,880	
Apportionable Income	$80,179,197	$48,371,456	$52,562,973	$107,238,765	
Percent To Wisconsin	.8012%	.7884%	.8026%	.7371%	From Page 2
Net Income Apportioned To Wisconsin	$ 642,396	$ 381,361	$ 421,870	$ 790,457	
Wisconsin Allocable Income/(Loss)	(100,602)	(65,280)	(26,877)	43,282	
Wisconsin Net Taxable Income	$ 541,794	$ 316,081	$ 394,993	$ 833,739	To Schedule A
Tax					
$225 On 1st $6,000	225	225	225	225	
7% On Excess	37,506	21,706	27,230	57,942	
Total Tax	$ 37,731	$ 21,931	$ 27,455	$ 58,167	To Schedule A

A. 782

HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Calculation of Marketing Department's Apportionment Factor

Schedule D - 1965-1968
Page 2 Of 2

	1965		1966		1967		1968	
	Wisconsin	Total	Wisconsin	Total	Wisconsin	Total	Wisconsin	Total
I. Total Net Tangible Property-Books*								
End Of Year	$11,612,536	$ 699,670,230	$13,457,131	$ 786,725,227	$15,459,033	$ 902,084,406	$13,619,547	$ 962,686,671
Beginning Of Year	10,855,359	584,465,750	11,612,536	699,670,230	13,457,131	786,725,227	15,459,033	902,084,406
Total	$22,467,895	$1,284,135,980	$25,069,667	$1,486,395,457	$28,916,164	$1,688,809,633	$29,078,580	$1,864,771,077
Average	$11,233,948	$ 642,067,990	$12,534,834	$ 743,197,729	$14,458,082	$ 844,404,817	$14,539,290	$ 932,385,539
Percent To Wisconsin	1.7497%		1.6866%		1.7122%		1.5594%	
II. Cost of Manufacturing								
Percent To Wisconsin	.0000%		.0000%		.0000%		.0000%	
III. Total Sales	$12,987,634	$2,593,111,862	$14,050,904	$2,738,881,263	$16,281,720	$3,030,095,828	$16,117,975	$3,235,048,467
Adjustments:								
1. Taxes On Products Sold		(604,758,372)		(619,212,967)		(675,340,326)		(717,549,435)
2. Cash Discounts		(3,313,216)		(3,857,618)		(4,284,102)		(4,643,126)
3. Additional Wisconsin Sales	(7,490)		307,155		68,610		266,785	
Total Adjusted Sales	$12,980,144	$1,985,040,274	$14,358,059	$2,115,810,678	$16,350,330	$2,350,471,400	$16,384,760	$2,512,855,906
Percent To Wisconsin	.6539%		.6786%		.6956%		.6520%	
Total Percents	2.4036%		2.3652%		2.4078%		2.2114%	
Average Percent	.8012%		.7884%		.8026%		.7371%	

*Excluding Incomplete Construction

A. 783

HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Allocation And Apportionment Of Marketing And Refining Departments

Schedule E--1965-1968
Page 1 Of 2

	1965	1966	1967	1968	
Federal Taxable Income Before Special Deductions	$ 94,881,229	$119,328,331	$150,089,779	$177,830,121	From Schedule B, Line 28
Adjustments:					
Contributions Deducted	833,038	83,790	30,115	62,636	
Municipal Interest Deducted	136	135	135	135	
Percentage Depletion Deducted					
Depreciation And Amortization Deducted	96,342,418	94,540,878	85,886,707	109,669,440	
Allowable Depreciation And Amortization	(102,120,000)	(97,697,000)	(118,660,000)	(134,401,000)	
Allowable Cost Depletion					
Bad Debts	280,801	3,564,348	4,081,881	3,901,896	
COPP-Proceeds					
COPP-Repayments					
Adjusted Net Income (Wisconsin Basis)-Before FIT And Contributions	$ 90,217,622	$119,820,482	$121,428,617	$157,063,228	
Federal Income Tax Deductible	(1,485,975)	(9,884,591)	(12,142,862)	(15,706,322)	
Contributions Deductible	(833,038)	(83,790)	(30,115)	(62,636)	
Adjusted Net Income (Wisconsin Basis)	$ 87,898,609	$109,852,101	$109,255,640	$141,294,270	
Net Allocable (Income)/Loss	1,709,411	652,505	654,795	2,911,744	
Apportionable Income	$ 89,608,020	$110,504,606	$109,910,435	$144,206,014	
Percent To Wisconsin	.4274%	.4490%	.4705%	.4248%	From Page 2
Net Income Apportioned To Wisconsin	$ 382,985	$ 496,166	$ 517,129	$ 612,587	
Wisconsin Allocable Income/(Loss)	(100,602)	(65,280)	(26,877)	43,282	
Wisconsin Net Taxable Income	$ 282,383	$ 430,886	$ 490,252	$ 655,869	To Schedule A
Tax					
$225 On 1st $6,000	225	225	225	225	
7% On Excess	19,347	29,742	33,898	45,491	
Total Tax	$ 19,572	$ 29,967	$ 34,123	$ 45,716	To Schedule A

EXHIBIT 61 IN EVIDENCE

HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Calculation of Marketing and Refining Departments' Apportionment Factor

Schedule E--1965-1968
Page 2 Of 2

	1965		1966		1967		1968	
	Marketing		Marketing		Marketing		Marketing	
	Wisconsin	Total	Wisconsin	Total	Wisconsin	Total	Wisconsin	Total
I. Total Net Tangible Property*								
End Of Year	$11,612,536	$ 699,670,230	$13,457,131	$ 786,725,227	$15,459,033	$ 902,084,406	$13,619,547	$ 962,686,671
Beginning Of Year	10,855,359	584,465,750	11,612,536	699,670,230	13,457,131	786,725,227	15,459,033	902,084,406
Total	$22,467,895	$1,284,135,980	$25,069,667	$1,486,395,457	$28,916,164	$1,688,809,633	$29,078,580	$1,864,771,077
Average	$11,233,948	$ 642,067,990	$12,534,834	$ 743,197,729	$14,458,082	$ 844,404,817	$14,539,290	$ 932,385,539
	Refining		Refining		Refining		Refining	
Total Net Tangible Property*								
End Of Year	$	$ 471,708,346	$	$ 463,506,391	$	$ 500,006,390	$	$ 634,700,208
Beginning Of Year		514,242,140		471,708,346		463,506,391		500,006,390
Total	$	$ 985,950,486	$	$ 935,214,737	$	$ 963,512,781	$	$1,134,706,598
Average	$	$ 492,975,243	$	$ 467,607,369	$	$ 481,756,391	$	$ 567,353,299
Combined Average	$11,233,948	$1,135,043,233	$12,534,834	$1,210,805,098	$14,458,082	$1,326,161,208	$14,539,290	$1,499,738,838
Percent To Wisconsin	.9897%		1.0352%		1.0902%		.9695%	
II. Cost Of Manufacturing	$	$2,273,000,657	$	$2,260,452,811	$	$2,481,078,874	$	$2,606,792,717
Percent To Wisconsin	.0000%		.0000%		.0000%		.0000%	
	Marketing		Marketing		Marketing		Marketing	
III. Total Sales	$12,987,634	$2,593,111,862	$14,050,904	$2,738,881,263	$16,281,720	$3,030,095,828	$16,117,975	$3,235,048,467
Adjustments								
1. Taxes On Products Sold		(604,758,372)		(619,212,967)		(675,340,326)		(717,549,435)
2. Cash Discounts		(3,313,216)		(3,857,618)		(4,284,102)		(4,643,126)
3. Additional Wisconsin Sales	(7,490)		307,155		68,610		266,785	
Total Adjusted Sales	$12,980,144	$1,985,040,274	$14,358,059	$2,115,610,678	$16,350,330	$2,350,471,400	$16,384,760	$2,512,855,906
	Refining		Refining		Refining		Refining	
Total Sales	$	$2,452,668,330	$	$2,492,823,766	$	$2,740,032,660	$	$2,863,537,827
Adjustments:								
1. Taxes On Products Sold		(12,997)		(2,044,801)		(2,116,887)		(1,640,172)
Total Adjusted Sales	$	$2,452,655,333	$	$2,490,778,965	$	$2,737,915,773	$	$2,861,897,655
Total Combined Marketing And Refining Sales	$12,980,144	$4,437,695,607	$14,358,059	$4,606,589,643	$16,350,330	$5,088,387,173	$16,384,760	$5,374,753,561
Percent To Wisconsin	.2925%		.3117%		.3213%		.3048%	
Total Percents	1.2822%		1.3469%		1.4115%		1.2743%	
Average Percent	.4274%		.4490%		.4705%		.4248%	

* Excluding Incomplete Construction

HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Summary Of 1965 - 1968 Average Of Comparison Of Wisconsin Statutory Factor Attributes To Adjusted Net Income On Wisconsin Basis

Percent Of Factor Attributes	Exploration & Production	Marketing	Refining	Other	Total
1965	22.4%	20.6%	51.6%	5.4%	100.0%
1966	22.8%	22.1%	51.3%	3.8%	100.0%
1967	22.7%	23.2%	51.8%	2.3%	100.0%
1968	22.6%	23.3%	52.2%	1.9%	100.0%
Total	90.5%	89.2%	206.9%	13.4%	400.0%
Average	22.6%	22.3%	51.7%	3.4%	100.0%
Percent Of Income					
1965	70.5%	20.1%	1.7%	7.7%	100.0%
1966	73.0%	10.3%	12.9%	3.8%	100.0%
1967	77.9%	9.8%	10.3%	2.0%	100.0%
1968	76.1%	17.0%	5.8%	1.1%	100.0%
Total	297.5%	57.2%	30.7%	14.6%	400.0%
Average	74.4%	14.3%	7.7%	3.6%	100.0%

Summary	Percent Of Factor Attributes	Percent Of Income
Exploration & Production	22.6%	74.4%
Marketing	22.3%	14.3%
Refining	51.7%	7.7%
Other	3.4%	3.6%
Total	100.0%	100.0%

EXHIBIT 30

A. 786

3527

HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
Comparison of Wisconsin Factor Attributes to Adjusted Net Income on Wisconsin Basis

1965	Exploration & Production	Marketing	Refining	Marine	Enjoy	Administrative	Total
	Functional Operating Departments						
Gross Receipts - Before Eliminations	$ 882,627,759	$2,593,111,862	$2,452,668,330	$106,636,099	$310,002,695	$ -0-	$6,345,046,745
Percent of Total	13.9105%	40.8683%	38.6549%	1.6806%	4.8857%	-0-	100.0000%
Cost of Manufacturing	$ -0-	$ -0-	$2,273,000,657	$ -0-	$ -0-	$ -0-	$2,273,000,657
Percent of Total	-0-	-0-	100.0000%	-0-	-0-	-0-	100.0000%
Average Net Tangible Property	$1,693,209,257	$ 671,254,303	$ 511,562,129	$106,759,423	$135,922,141	$ 61,062,639	$3,179,769,892
Percent of Total	53.2494%	21.1102%	16.0880%	3.3575%	4.2746%	1.9203%	100.0000%
Total Percents	67.1599%	61.9785%	154.7429%	5.0381%	9.1603%	1.9203%	300.0000%
Average Percents	22.3866%	20.6595%	51.5810%	1.6794%	3.0534%	.6401%	100.0000%
Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deductions)	$ 291,988,939	$ 83,262,090	$ 6,955,532	$ 7,992,278	$ 15,961,879	$ 7,738,278	$ 413,898,996*
Percent of Total	70.5459%	20.1165%	1.6805%	1.9310%	3.8565%	1.8696%	100.0000%

*From Schedule C, Page 1 and Exhibit C of Audit Report

Summary	Percent of Factor Attributes	Percent of Income
Exploration & Production	22.4%	70.5%
Marketing	20.6%	20.1%
Refining	51.6%	1.7%
Other	5.4%	7.7%
Total	100.0%	100.0%

3527

A. 787

HUMBLE OIL & REFINING COMPANY

1965-1968 Wisconsin Corporation Franchise Tax Audit
Comparison of Wisconsin Factor Attributes to
Adjusted Net Income on Wisconsin Basis

1966	Functional Operating Departments: Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Enjoy	Administrative	Total
Gross Receipts - Before Eliminations	$ 976,831,436	$2,738,881,263	$2,492,823,766	$108,687,446	$ -0-	$ -0-	$ -0-	$144,517,244	$ -0-	$6,459,741,157
Percent of Total	15.0909%	42.3992%	38.5902%	1.6825%	-0-	-0-	-0-	2.2372%	-0-	100.0000%
Cost of Manufacturing	$ -0-	$ -0-	$2,260,452,811	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$2,260,452,811
Percent of Total	-0-	-0-	100.0000%	-0-	-0-	-0-	-0-	-0-	-0-	100.0000%
Average Net Tangible Property	$1,725,488,494	$ 777,859,865	$ 497,918,135	$103,162,526	$ -0-	$ 6,054	$ -0-	$ 70,163,732	$70,067,803	$3,244,666,609
Percent of Total	53.1792%	23.9735%	15.3457%	3.1795%	-0-	.0002%	-0-	2.1624%	2.1595%	100.0000%
Total Percents	68.2701%	66.3727%	153.9359%	4.8620%	-0-	.0002%	-0-	4.3996%	2.1595%	300.0000%
Average Percents	22.7567%	22.1242%	51.3120%	1.6207%	-0-	.0001%	-0-	1.4665%	.7198%	100.0000%
Adjusted Net Income - Wisconsin Basis (Before FIT & Contributions Deductions)	$ 377,236,318	$ 53,208,095	$ 66,611,587	$ 9,955,812	($3,826,329)	($204,000)	$298,257	$ 5,610,178	$ 7,974,010	$ 516,864,726*
Percent of Total	72.9855%	10.2946%	12.8876%	1.9262%	(.7403%)	(.0395%)	.0577%	1.0854%	1.5428%	100.0000%

* From Schedule C, Page 1 and Exhibit C of Audit Report

Summary	Percent of Factor Attributes	Percent of Income
Exploration & Production	22.8%	73.0%
Marketing	22.1%	10.3%
Refining	51.3%	12.9%
Other	3.8%	3.8%
Total	100.0%	100.0%

A. 788

HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Comparison Of Wisconsin Factor Attributes To Adjusted Net Income On Wisconsin Basis

1967	Functional Operating Departments: Exploration & Production	Marketing	Refining	Marine	Coal & Shale Oil	Minerals	Land Management	Administrative	Total
Gross Receipts-Before Eliminations	$1,093, 83,532	$3,030,095,828	$2,740,032,660	$111,538,886	$	$	$ 193,258	$	$6,975,644,164
Percent Of Total	15.6800%	43.4382%	39.2800%	1.5990%			.0028%		100.0000%
Cost Of Manufacturing	$	$	$2,481,078,674	$	$	$	$	$	$2,481,078,674
Percent Of Total			100.0000%						100.0000%
Average Net Tangible Property	$1,775,994,213	$ 882,344,435	$ 541,565,907	$ 99,379,137	$8,693,150	$ 341,317	$9,817,830	$ 63,789,853	$3,381,925,842
Percent Of Total	52.5143%	26.0900%	16.0135%	2.9385%	.2571%	.0101%	.2903%	1.8862%	100.0000%
Total Percents	68.1943%	69.5282%	155.2935%	4.5375%	.2571%	.0101%	.2931%	1.8862%	300.0000%
Average Percents	22.7314%	23.1761%	51.7645%	1.5125%	.0857%	.0034%	.0977%	.6287%	100.0000%
Adjusted Net Income-Wisconsin Basis (Before FIT & Contributions Deductions)	$ 471,833,685	$ 59,247,979	$ 62,180,638	$ 11,768,688	($7,592,065)	($2,735,293)	$ 150,151	$ 10,504,505	$ 605,358,288*
Percent Of Total	77.9429%	9.7873%	10.2717%	1.9441%	(1.2541%)	(.4519%)	.0248%	1.7352%	100.0000%

From Schedule C, Page 1 And Exhibit C Of Audit Report

Summary	Percent Of Factor Attributes	Percent Of Income
Exploration & Production	22.7%	77.9%
Marketing	23.2%	9.8%
Refining	51.8%	10.3%
Other	2.3%	2.0%
Total	100.0%	100.0%

A. 789

3564

HUMBLE OIL & REFINING COMPANY

1963 - 1968 Wisconsin Corporation Franchise Tax Audit
Comparison Of Wisconsin Factor Attributes To Adjusted Net Income On Wisconsin Basis

1968	Functional Operating Departments						Total
	Exploration & Production	Marketing	Refining	Coal & Shale Oil	Minerals	Land Management	Administrative	
Gross Receipts-Before Eliminations	$1,182,864,191	$3,235,048,467	$2,863,537,827	$117,586,029	$	$ 341,365	$	$7,399,377,879
Percent Of Total	15.9860%	43.7206%	38.6991%	1.5891%		.0046%		100.0000%
Cost Of Manufacturing	$	$	$2,606,792,717	$	$	$	$	$2,606,792,717
Percent Of Total			$ 100.0000%					100.0000%
Average Net Tangible Property	$1,917,335,807	$ 971,297,234	$ 659,328,042	$ 66,530,762	$18,061,961	$1,204,204	$23,398,361	$51,655,538	$3,709,011,909
Percent Of Total	51.6994%	26.1875%	17.7764%	1.7933%	.4870%	.0325%	.6308%	1.3927%	100.0000%
Total Percents	67.6854%	69.9081%	156.4761%	3.3828%	.4870%	.0325%	.6354%	1.3927%	300.0000%
Average Percents	22.5618%	23.3027%	52.1587%	1.1276%	.1623%	.0108%	.2118%	.4643%	100.0000%
Adjusted Net Income-Wisconsin Basis (Before FIT & Contributions Deductions)	$ 524,807,072	$ 117,413,552	$ 39,649,676	$ 8,737,368	($ 7,274,679)	($3,347,999)	$ 1,502,452	$ 9,707,905	$ 689,195,547
Percent Of Total	76.1478%	17.0363%	5.7530%	1.2678%	(1.0555%)	(.7760%)	.2180%	1.4086%	100.0000%

From Schedule C, Page 1 And Exhibit C Of Audit Report

Summary	Percent Of Factor Attributes	Percent Of Income
Exploration & Production	22.6%	76.1%
Marketing	23.3%	17.0%
Refining	52.2%	5.8%
Other	1.9%	1.1%
Total	100.0%	100.0%

EXHIBIT 31

SUMMARY OF WISCONSIN "HYBRID" APPORTIONMENT

#313565

3565-3572

I. Crude Oil Formula (Crude & Condensate)

1. Crude Oil Production (Net Working Interest)

A. Total Barrels Produced

Less: Barrels Sold at the Lease

B. Humble's Production Transferred to Supply

C. Ratio of Crude Oil Transferred to Produced (I.1.B ÷ I.1.A)

2. Crude Oil Refined

Humble's Production Transferred to Supply

Plus: Barrels Purchased by Supply Department

D. Barrels Available

Less: Barrels Sold by Supply Department

E. Barrels Transferred to Refineries

F. Ratio of Crude Refined to Available (I.2.E ÷ I.2.D)

G. Percent of Crude Oil Produced that Was Refined (I.1.C x I.2.F)

H. Percent of Crude Oil Produced that was not Refined (100 - I.2.G)

II. E & P Non-Apportionable Crude Oil and Natural Gas Net Income

1. E & P Department Net Sales

A. E & P Net Sales - Per FITR, Line 1

Plus: COPP Repayments

Less: COPP Sales

Non-Apportionable Gross Mineral Royalties

B. E & P Department Net Sales - Wisconsin Basis

2. E & P Department Net Income

A. Net Income - Per Federal Return (Line 28 - FITR)

Plus: COPP Repayments

Contributions

3566

Deductions Not Allowed By Wisconsin:

Percentage Depletion

Non-Apportionable Losses:

Situs of Property - Losses on Dispositions of Tangible Assets

Less: COPP Sales

Preservation of Basis Depreciation in Excess of Federal Non-Apportionable Income:

(1) Situs of Property:

Gains on Dispositions of Tangible Assets

Mineral Royalty Income

(2) Commercial Domicile:

Dividends & Interest Income, Less Interest Expense

B. E & P Department Net Income - Wisconsin Basis (Before Contribution & FIT Deductions)

3. Ratio of E & P Net Income To Net Sales (II.2.B ÷ II.1.B)

4. Non-Apportionable Crude Oil & Natural Gas Net Income

A. Crude Oil Net Income

(1) Total E & P Department Crude Oil Sales (Per Compcode 211)

(2) Percent Non-Apportionable (I.2.H.above)

(3) Non-Apportionable Crude Oil Sales [II.4.A.(1) x II.4.A.(2)]

(4) Ratio of E & P Net Income to Net Sales (II.3. above)

(5) Non-Apportionable Crude Oil Net Income [II.4.A.(3) x II.4.A(4)]

B. Natural Gas Net Income

(1) Total Lease & Gas System Gas Sales (Exhibit B-2 Supplement)

(2) Ratio of E & P Net Income to Net Sales (II.3.above)

(3) Non-Apportionable Natural Gas Net Income [II.4.B(1) x II.4.B.(2)]

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III. Non-Apportionable Income - Everywhere

1. Income Which Follows Situs of Property

A. Gains/Losses on Dispositions of Tangible Assets - (FITR)

B. Casualty Losses - (FITR)

C. Retirement Losses - Tangible Assets - (FITR)

D. Material Disposal Losses - (FITR)

E. Gains/Losses On Sales of Stock Materials - (FITR)

F. Land Sales - (FITR)

G. Net Mineral Royalty Income - (General Factor File)

H. Crude Oil Net Income - [II.4.A.(5)]

I. Natural Gas Net Income - [II.4.B.(3)]

J. Marine Charter Net Income - (Gross Charter Hire Revenue Per Compcode 211, Less the Book Historical Cost Per Day of Operation Times the Number of Days and Types of Vessels Under Charter During the Year)

2. Income Which Follows Commercial Domicile

A. Dividend & Interest Income, Less Interest Expense - (FITR)

B. Non-Mineral Royalty Income - (FITR)

3. Total Non-Apportionable Income (III.1 + III.2)

Less: Allocation of Administrative Department Expenses (Ratio of III.3 to X.2 x Administrative Department Unallocated Book Expenses)

Federal Income Tax (Ratio of III.3 to X.2 x Federal Income Tax Billed to Humble by SONJ and Paid During Taxable Year)

4. Net Non-Apportionable Income - Everywhere

IV. Non-Apportionable Income - Wisconsin

1. Income Which Follows Situs of Property

A. Gains/Losses on Dispositions of Tangible Assets - (State Disposal Report)

B. Casualty Losses - (State Disposal Report)

2. Income Which Follows Commercial Domicile - None 3568

3. Total Wisconsin Non-Apportionable Income (IV.1 + IV.2)

Less: Federal Income Tax (Ratio of IV.3 to x Federal Income Tax Billed to Humble By SONJ and Paid During Taxable Year)

4. Net Wisconsin Non-Apportionable Income

V. Sales Factor

1. Numerator - Wisconsin Sales (Per State Sales Report)

2. Denominator:

A. Net Sales (Per Line 1 - FITR)

Plus: COPP Repayments (FITR)

Less: COPP Sales (FITR)

Gross Mineral Royalty Income (General Factor File)

Consumer Taxes (FITR)

Sales Discounts (FITR)

Non-Apportionable Crude Oil Sales [II.4.A.(3)]

Non-Apportionable Natural Gas Sales [II.4.B.(1)]

Non-Apportionable Marine Charter Revenue (III.1.J)

B. Net Apportionable Sales - Wisconsin Basis

3. Sales Factor (Ratio V.1 to V.2.B)

VI. Cost of Manufacturing Factor (Zero - No Within Wisconsin Costs)

VII. Cost of Manufacturing Factor - Weight

1. Net Apportionable Sales - Wisconsin Basis (V.2.B)

Less: Sales of Purchased Products:

Refined Products (Special Calculation)

Tires, Batteries & Accessories (Per Compcodes)

Crude Oil (Crude Oil & Condensate Sales of the Refining Department to Outsiders - Per Compcode 211, Less Non-Apportionable Crude Oil Sales - II.4.A.3)

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2. Net Sales of Humble's Manufactured Products

3. Cost of Manufacturing Weight (VII.2 ÷ VII.1)

VIII. Property Factor

1. Calculation of E & P Department Non-Apportionable Percentage

A. Non-Apportionable Natural Gas Net Income [II.4.B.(3)]

B. E & P Department Net Income - Wisconsin Basis (II.2.B)

C. Percent of Non-Apportionable Natural Gas Net Income To E & P Department Net Income - Wisconsin Basis (VIII.1.A ÷ VIII.1.B)

D. Reciprocal of VIII.1.C (Which Represents The Balance of E & P Department Net Income - Wisconsin Basis, Part of Which is Non-Apportionable)

E. Percent of Crude Oil Produced That Was Not Refined (I.2.H)

F. Non-Apportionable Portion of VIII.1.D (VIII.1.D x VIII.1.E)

G. E & P Department Non-Apportionable Percentage (VIII.1.C + VIII.1.F)

2. Average Net Non-Apportionable Tangible Property - Everywhere

A. E & P Department Non-Apportionable Tangible Property

(1) Net Property, Plant & Equipment (Assets by State Report)

Plus: Materials & Supplies (Assets by State Report)

Inventories (Assets by State Report)

Less: Incomplete Construction (Assets by State Report)

Lease & Well - Intangibles (Assets by State Report)

Investment in Mineral Royalties (LC 504, 513, & 613)

Net Value of Gas Plants (E & P Department's Table 18)

(2) Adjusted E & P Tangible Property - Wisconsin Basis

(3) E & P Department Non-Apportionable Percentage (VIII.1.G)

(4) E & P Department Non-Apportionable Tangible Property, Other Than Investment in Mineral Royalties [VIII.2.A.(2) x VIII.2.A.(

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(5) Add: Investment in Mineral Royalties

(6) Total E & P Department Non-Apportionable Tangible Property /VIII.2.A.(4) + VIII.2.A.(5)/

B. Marine Department Non-Apportionable Tangible Property - Average Net Investment In Vessels Under Charter

C. Average Net Non-Apportionable Tangible Property - Everywhere /VIII.2.A.(6) + VIII.2.B./

3. Calculation of Property Factor (Average Net Tangible Property)

A. Numerator:

(1) Net Wisconsin Property, Plant & Equipment (Assets By State Report)

Plus: Materials & Supplies (Assets by State Report)

Inventories (Assets by State Report)

Less: Incomplete Construction (Assets by State Report)

(2) Average Net Wisconsin Tangible Property - Wisconsin Basis

B. Denominator:

(1) Net Property, Plant & Equipment - Everywhere (Assets by State Report

Plus: Materials & Supplies (Assets by State Report)

Inventories (Assets by State Report)

Less: Incomplete Construction (Assets by State Report)

Lease & Well - Intangibles (Assets by State Report)

Average Net Non-Apportionable Tangible Property - Everywhere (VIII.2.C.)

(2) Average Net Everywhere Tangible Property - Wisconsin Basis (Property Producing Apportionable Income)

C. Property Factor /Ratio VIII.3.A.(2) to VIII.3.B.(2)/

IX. Apportionment Factor

1. Factors

A. Sales Factor (V.3)

B. Cost of Manufacturing (VI) (Which is Zero)

C. Property Factor (VIII.3.C)

D. Total Factors (IX.1.A, + IX.1.B. + IX.1.C.)

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2. Weight of Factors

A. Sales Factor (1)

B. Cost of Manufacturing (VII.3 - Less than 1)

C. Property Factor (1)

D. Total Weight of Factors (IX.2.A. + IX.2.B. + IX.2.C.)

3. Apportionment Factor (IX.1.D ÷ IX.2.D)

X. Calculation of Wisconsin Taxable Income

1. Federal Taxable Income Before Special Deductions (Line 28 - FITR)

Plus: Contributions Deducted (FITR)

Interest Income - State & Local Obligations (FITR)

Percentage Depletion (FITR)

Federal Depreciation (FITR)

Excess Bad Debts Provision (Reserve Provision vs. Charge-Offs)

COPP Repayments (FITR)

Less: COPP Sales (FITR)

Preservation Of Basis Depreciation (Depreciation & Depletion Section)

Cost Depletion /Book, Plus Amortization of A/C 902 (Other Lease Costs)/

2. Adjusted Net Income on Wisconsin Basis (Before Contributions & FIT Deductions

Less: Contributions During Current Year (No Carryover Provisions)

Federal Income Tax (Limited to 10% of X.2)(Federal Income Tax Billed to Humble by SONJ and Paid During Taxable Year, Regardless of Year to Which Tax is Applicable)

3. Adjusted Net Income on Wisconsin Basis (After Contributions & FIT Deductions)

Less: Net Non-Apportionable Income - Everywhere (III.4)

4. Apportionable Net Income on Wisconsin Basis

5. Apportionment Factor (IX.3)

6. Income Apportioned to Wisconsin (X.4 x X.5)
   Add: Net Wisconsin Non-Apportionable Income
7. Wisconsin Taxable Income

EXHIBIT 35

HUMBLE OIL & REFINING COMPANY

1965 - 1968 Wisconsin Corporation Franchise Tax Audit
Comparison Of Net Income Of Total Company With Assessed Income From Wisconsin Operations

Year	(1) Wisconsin Sales	(2) Wisconsin Assessed Taxable Income	Net Income Percentage Of Sales	(3) Total Company Sales	(4) Total Company Net Income Wisconsin Basis	Net Income Percentage Of Sales
1965	$12,980,144	$ 759,371	5.9%	$3,462,675,348	$403,594,652	11.6%
1966	14,358,059	1,043,395	7.3%	3,480,707,694	468,647,833	13.5%
1967	16,350,330	1,264,946	7.7%	3,720,832,181	541,954,615	14.6%
1968	16,384,760	1,464,443	8.9%	3,984,479,455	608,009,771	15.3%
Totals	$60,073,293	$4,532,155	7.5%	$14,648,694,678	$2,022,206,871	13.8%

Notes:
1) From State Audit, Page 12 (Exhibit E-3) EXHIBIT # _____
2) From State Audit, Page 1 (Exhibit A-B) EXHIBIT # _____
3) See Computation Below
4) From State Audit, Page 2 (Exhibit C) EXHIBIT # _____

*3	1965	1966	1967	1968
Total Company Sales	$4,070,986,858	$4,095,866,931	$4,402,573,496	$4,708,312,188
Adjustments				
1. Taxes on Products Sold	(604,793,382)	(611,275,049)	(677,457,213)	(719,189,607)
2. Cash Discounts	(3,518,128)	(3,884,188)	(4,284,102)	(4,643,126)
Total Adjusted Sales	$3,462,675,348	$3,480,707,694	$3,720,832,181	$3,984,479,455

* From State Audit, Page 12 (Exhibit E-3) EXHIBIT # _____